Mary Lovely to be postmaster at Weslaco, Tex., in place of J. B. Christner, declined.

Leo I. Steiner to be postmaster at Columbus, Tex., in place of A. P. Hinton. Incumbent's commission expired July 14, 1920.

Sallie P. Lunday to be postmaster at Naples, Tex., in place of S. P. Lunday. Incumbent's commission expired March 8, 1922.

Lotta E. Turney to be postmaster at Smithville, Tex., in place of J. K. Barry. Incumbent's commission expired April 6, 1922.

VIRGINIA.

Lula E. Northington to be postmaster at Lacrosse, Va. Office became presidential April 1, 1920.

WASHINGTON.

Herman S. Reed to be postmaster at Redmond, Wash. Office became presidential January 1, 1921.

Otto F. Reinig to be postmaster at Snoqualmie, Wash. Office became presidential January 1, 1921.

Gladys Jacobs to be postmaster at Vashon, Wash. Office became presidential January 1, 1921.

WEST VIRGINIA.

Katherine E. Ruttencutter to be postmaster at Parkersburg, W. Va., in place of W. E. Stout, resigned.

Flavius E. Strickling to be postmaster at West Union, W. Va., in place of H. T. Davis. Incumbent's commission expired January 24, 1922.

WISCONSIN.

Otto C. Nienas to be postmaster at Camp Douglas, Wis., in place of E. D. Singleton. Incumbent's commission expired January 24, 1922.

Gilbert J. Grell to be postmaster at Johnson Creek, Wis., in place of P. R. Stiehm. Incumbent's commission expired January 24, 1922.

William Reuschlein to be postmaster at Plain, Wis. Office became presidential April 1, 1922.

Clytie Geiger to be postmaster at Rothschild, Wis. Office became presidential April 1, 1921.

Alice M. Clinton to be postmaster at Sullivan, Wis. Office became presidential October 1, 1920.

CONFIRMATIONS.

Executive nominations confirmed by the Senate July 14 (legislative day of April 20), 1922.

DIPLOMATIC AND CONSULAR SERVICE.

Gordon Paddock to be secretary of embassy or legation, class 2.

NAVAL OFFICER OF CUSTOMS.

Joseph W. Pascoe to be naval officer of customs, customs collection district No. 11, Philadelphia, Pa.

SENATE.

SATURDAY, *July 15, 1922.*

(Legislative day of Thursday, April 20, 1922.)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

Mr. SMOOT. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Assistant Secretary called the roll, and the following Senators answered to their names:

Ashurst	France	McCormick	Ransdell
Ball	Frelinghuysen	McCumber	Rawson
Borah	Gooding	McKinley	Robinson
Brandegee	Hale	McLean	Sheppard
Cameron	Harreld	McNary	Shortridge
Capper	Harris	Moses	Simmons
Caraway	Harrison	Nelson	Smith
Culberson	Heflin	New	Smoot
Cummins	Johnson	Nicholson	Sterling
Curtis	Jones, Wash.	Norbeck	Trammell
Dial	Kendrick	Oddie	Walsh, Mass.
du Pont	Keyes	Overman	Walsh, Mont.
Edge	King	Pepper	Warren
Ernst	Ladd	Phipps	Watson, Ind.
Fernald	Lodge	Pomerene	Willis

Mr. HARRISON. I desire to state that the Senator from Nevada [Mr. PITTMAN] is absent on account of illness in his family. I ask that this announcement may stand for the day.

Mr. HARRIS. I wish to announce that my colleague [Mr. WATSON of Georgia] is absent by reason of illness. I ask that this announcement stand for the day.

The VICE PRESIDENT. Sixty Senators have answered to their names. There is a quorum present.

THE LEAGUE OF NATIONS.

Mr. BRANDEGEE. Mr. President, I ask unanimous consent to have inserted in the RECORD in 8-point type two short dispatches which I find, one in the Washington Post of this morning and the other in the New York Herald of to-day, in relation to a letter which is said to have been written by the Secretary of State, Mr. Hughes, to Mr. Hamilton Holt, replying to certain questions which Mr. Holt had asked him in relation to the League of Nations. I ask that the dispatches may be printed in the RECORD. If I had a copy of the entire letter written by the Secretary of State, I should ask to have that inserted; and I may do that later, if I have the good fortune to get the letter.

There being no objection, the matter referred to was ordered to be printed in the RECORD in 8-point type, as follows:

[From the Washington Post of July 15, 1922.]

SEES WORLD COURT TREATY AS UNLIKELY—PARTICIPATION BY UNITED STATES MUST BE OTHER THAN THROUGH LEAGUE OF NATIONS, HUGHES SAYS—REPLIES TO HOLT LETTER—DENIES ASSERTION THAT HE BLOCKED MOVING HEALTH CENTER FROM PARIS TO GENEVA.

(By the Associated Press.)

Secretary Hughes, replying yesterday to a letter recently addressed to him by Hamilton Holt, president of the Woodrow Wilson Foundation, of New York, said he could see no prospect for any treaty or convention by which the United States Government should share in the maintenance of the permanent court of international justice until some provision is made by which, without membership in the League of Nations, the American Government could be able to have an appropriate voice in the election of the court's judges.

HUGHES REPLIES IN DETAIL.

The Secretary of State replied in detail to Mr. Holt's letter, which brought up a number of points with respect to relations of the United States and the League of Nations.

Declaring that "there had been much fruitless talk about answering communications from the league," Mr. Hughes said that "it may be pointed out that a large number of these are of a purely formal nature for the purpose of giving information," and that he had endeavored to deal with all communications courteously and appropriately, and reports to the contrary are evidently based on inadequate information."

The United States has had appropriate representation at health conferences, the Secretary added, denying Mr. Holt's assertion that he had "blocked the moving of the world health center from Paris to Geneva, where it was to be put under the jurisdiction of the League of Nations."

HOLT AGAIN IN ERROR.

The Secretary likewise told Mr. Holt he was in error in saying that the State Department had "prevented the American Hague judges from sending in nominations for the permanent court of international justice of the league," adding that "the American Hague judges had acted in accordance with their own views of propriety."

Mr. Hughes further said he could not agree with Mr. Holt's statement that the results of the recent arms conference could have been accomplished sooner and better had the United States been a member of the League of Nations, and added:

"My own view is that the important results of the conference were made possible because it was a limited conference, held in Washington, by the nations immediately concerned and was not associated with other enterprises."

Denial also was made by the Secretary that the United States abandoned the Allies in making a separate treaty of peace with Germany.

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[From New York Herald of July 15, 1922.]

HUGHES DENIES STRIKING AT LEAGUE—DEFENDS SEPARATE PEACE TREATY WITH GERMANY IN LETTER TO HAMILTON HOLT.

(Special dispatch to the New York Herald.)

NEW YORK HERALD BUREAU,
Washington, D. C., July 14.

A strong rejoinder to the criticism of the international policies of the Harding administration coming from the supporters of the League of Nations and lieutenants of Woodrow Wilson was offered by Secretary of State Hughes in a letter made public to-day, which he addressed yesterday to Hamilton Holt, of New York, president of the Woodrow Wilson democracy.

Secretary Hughes's letter was an answer to a communication sent to him on July 7 by Mr. Holt, in which he contended that the United States was in various ways interfering with the activities of the League of Nations. The charge, Secretary Hughes declared, was without foundation.

In his letter the Secretary made clear the relations of this country to the League of Nations, the treaty of Versailles, and

defended the action of the United States in making a separate peace with Germany, declaring that this was service to allied powers rather than an abandonment, as Mr. Holt contended.

Referring to the contention of Mr. Holt that the League of Nations could have obtained the results achieved at the Washington conference, Secretary Hughes said that the important results of the conference was due to the fact that it was a limited body gathered in Washington and composed of the nations immediately concerned.

"I do not agree with your comment," he said, "that the results of the recent Conference on the Limitation of Armament could have been accomplished or the work could have been better done and long ago had the United States been a member of the league. I do not care to discuss matters which are obviously subjects of conjecture, but my own view is that the important results of the conference were made possible because it was a limited conference, held in Washington by the nations immediately concerned, and was not associated with other enterprises."

Speaking of the separate peace, Secretary Hughes said: "I regret that you should permit yourself in your zeal for the course you have espoused to say that I had abandoned our late allies in making a separate peace with Germany. Such observations will do your cause no good. The separate peace with Germany was concluded for the sufficient reason that it became perfectly clear, after the most careful consideration, that the resubmission of the treaty of Versailles with suggested reservations would have no other result than the renewal of the former controversy and its continuance for an indefinite time."

Secretary Hughes flatly declined to comply with Mr. Holt's request for a discussion of governmental policies, adding that these would be the subject of official announcement from time to time.

There is no truth in insinuations that the United States has been discourteous to the League of Nations or took communications from it in an offhand manner, Mr. Hughes said.

PETITIONS AND MEMORIALS.

Mr. HARRIS presented a joint resolution of the Legislature of Georgia, which was referred to the Committee on Agriculture and Forestry, as follows:

Whereas there is now idle the magnificent property of the United States Government at Muscle Shoals; and

Whereas it would be for the best interests of the United States and for the South that Muscle Shoals should be fully developed; and

Whereas there continues in the South a great army of unemployed; and

Whereas the best offer for the shoals has been made by Mr. Henry Ford: Now, therefore, be it

Resolved, That the General Assembly of Georgia hereby urges the Congress of the United States to accept the offer for Muscle Shoals as made by Mr. Henry Ford, and we urge Members of Congress from Georgia to use their influence to this end; be it further

Resolved, That a copy of this resolution be sent to each Member of Congress from Georgia.

Mr. KENDRICK. Mr. President, I present a copy of a resolution passed by the Public Service Commission of the State of Wyoming, which has to do with the decision of the Supreme Court of the United States in connection with the ownership and control of the Central Pacific Railway. It is a short resolution and of very great importance to my State, and I ask that it may be read by the Secretary.

There being no objection, the resolution was read and referred to the Committee on Interstate Commerce, as follows:

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF WYOMING.

Resolution adopted at a meeting of the commission held July 12, 1922.

1. Whereas the Supreme Court has held that the holding of the Central Pacific by the Southern Pacific Co. constitutes an unlawful monopoly; and,

2. Whereas plans are being made to set aside the court's ruling by congressional action; and

3. Whereas the Central Pacific was built under laws of the United States as a part of a central system of transportation to and from California, and was intended to function as a part of such central system of transportation, and was not built or intended as a part of a southern system of transportation, and is not a part of any southern system of transportation; and

4. Whereas the shipping public between Ogden and Chicago are able to secure a large part of their transportation service by reason of the movement along their railroad lines of transcontinental shipments, and the returns on such shipments greatly assist in maintaining their railroads, and the future needs of such shipping public make necessary the full development of such railroads: Therefore be it

Resolved by the Public Service Commission of the State of Wyoming, That the commission recognizes the wisdom and justice of the decision of the Supreme Court freeing the Central Pacific Railroad from the control of the Southern Pacific Co., and that this body recognizes the harm which would result to the interests of Wyoming if the separation is not carried out in accordance with the opinion of the Supreme Court; and be it further

Resolved, That the commission is opposed to all attempts to nullify the decision of the Supreme Court and to the Southern Pacific Co. having the power to impede or obstruct traffic over the short direct transcontinental route when obstructing that traffic would be to its advantage; and be it further

Resolved, That Wyoming representatives in Congress be urged to take such steps as may be necessary to prevent the passage of any legislation which might set aside the decision of the Supreme Court.

By the Public Service Commission of the State of Wyoming.

Dated at Cheyenne, Wyo., this 12th day of July, A. D. 1922.

CLAUDE L. DRAPER, *Chairman.*
[SEAL.] MAURICE GROSHON, *Commissioner.*
H. M. HUNTINGTON, *Commissioner.*
Attest: E. W. CROWLEY, *Secretary.*

Mr. WARREN subsequently said: Mr. President, I wish to have printed in full in the RECORD—it is a matter of only a page—resolutions of the Public Service Commission of the State of Wyoming opposing the enactment of any legislation that might tend to nullify the decision of the United States Supreme Court which resulted in the dismemberment of the Southern Pacific and the Central Pacific Railroads.

The VICE PRESIDENT. The Senator from Wyoming [Mr. KENDRICK] presented the same resolutions to-day, and they were ordered to be printed in the RECORD.

Mr. WARREN. Very well.

The VICE PRESIDENT. The resolutions will be referred to the Committee on Interstate Commerce.

PUBLIC LANDS IN LOUISIANA.

Mr. PHIPPS (for Mr. NORBECK), from the Committee on Public Lands and Surveys, to which was referred the bill (H. R. 10361) authorizing the sale and patent of certain alleged public lands in Louisiana, reported it without amendment and submitted a report (No. 827) thereon.

FRANCES MACK MANN.

Mr. PHIPPS. Mr. President, from the Committee on Public Lands I report back favorably without amendment the bill (H. R. 8244) permitting Frances Mack Mann to purchase certain public lands, and I submit a report (No. 825) thereon. I ask for the present consideration of the bill.

I will state that a similar measure passed the Senate during a previous Congress, but was not acted upon in the House by reason of adjournment. The bill has now passed the House. All it does is to permit the purchase of 73 and a fraction acres of forest land which had been improperly surveyed and upon which improvements have been erected by the occupant.

Mr. ROBINSON. Does the Senator ask unanimous consent for the present consideration of the bill?

Mr. PHIPPS. I do.

Mr. ROBINSON. I tried to hear the statement which he just made and which I take it was in explanation of the bill, but on account of conversations about me I could not hear a word he said. Will the Senator repeat his statement?

Mr. PHIPPS. A similar bill was previously passed by the Senate, but was not reached in the House before final adjournment. The bill has now been passed by the House. It permits the sale of 73 and a fraction acres of forest land which have been built upon and paid for originally by the present occupant, but which fell outside of the survey and therefore was covered back into the forest lands.

Mr. ROBINSON. Upon that statement I think the bill ought to be passed.

There being no objection, the bill was considered as in Committee of the Whole, and it was read as follows:

Be it enacted, etc., That Frances Mack Mann be permitted to purchase lot 11, comprising 3.70 acres; lot 12, comprising 1.58 acres; lot 13, comprising 28.38 acres; lot 16, comprising 39.67 acres; all situate in the east half of the northwest quarter of section 6, township 2 south, range 72 west of the sixth principal meridian, containing 73.33 acres, in the State of Colorado, at $1.50 per acre: *Provided*, That all coal and minerals contained therein are hereby reserved to the United States. That said coal and minerals shall be for sale or disposal of the United States under the coal and mineral land laws, and entrymen shall have the right to enter upon said lands for the purpose of prospecting for and mining such deposits.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

SURPLUS POWER IN SALT RIVER RECLAMATION PROJECT.

Mr. CAMERON. From the Committee on Irrigation and Reclamation I report back favorably with amendments the bill (H. R. 10248) authorizing the sale of surplus power developed under the Salt River reclamation project, Arizona, and I submit a report (No. 826) thereon. I ask for the present consideration of the bill. It has passed the House and is recommended by the committee and the Interior Department. It provides for the leasing of surplus power developed under the Salt River reclamation project in Arizona.

Mr. SIMMONS. Mr. President, what is the request?

The VICE PRESIDENT. For unanimous consent for the present consideration of the bill.

Mr. ROBINSON. I ask that the bill be read.

The VICE PRESIDENT. The bill will be read for the information of the Senate.

The Assistant Secretary read the bill.

Mr. CAMERON. There are several amendments to the bill to change the word "sale" to the word "lease," wherever the former word occurs in the bill.

Mr. ROBINSON. I inquire of the Senator from Arizona whether the bill was referred to the Interior Department?

Mr. CAMERON. Yes, sir; and it has been recommended by that department. The recommendation of that department is contained in the House committee report on the bill. The bill has been considered by and is now reported from the Committee on Irrigation and Reclamation of the Senate. It simply provides for an extension of time in connection with privileges which already exist.

Mr. ROBINSON. I have no objection to the bill.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which had been reported from the Committee on Irrigation and Reclamation of Arid Lands with amendments.

The amendments were, on page 1, line 9, after the word "the," to strike out "sale" and insert "lease"; in line 10, after the word "such," to strike out "sales" and insert "leases"; in line 15, after the words "for the," to strike out "sale" and insert "lease"; and on page 2, line 7, after the words "for the," to strike out "sale" and insert "lease," so as to make the bill read:

Be it enacted, etc., That whenever a development of power is necessary for the irrigation of lands under the Salt River reclamation project, Arizona, or an opportunity is afforded for the development of power under said project, the Secretary of the Interior is authorized, giving preference to municipal purposes, to enter into contracts for a period not exceeding 50 years for the lease of any surplus power so developed, and the money derived from such leases shall be placed to the credit of said project for disposal as provided in the contract between the United States of America and the Salt River Valley Water Users' Association, approved September 6, 1917: *Provided*, That no contract shall be made for the lease of such surplus power which will impair the efficiency of said project: *Provided, however*, That no such contract shall be made without the approval of the legally organized water users' association or irrigation district which has contracted with the United States to repay the cost of said project: *Provided further*, That the charge for power may be readjusted at the end of 5, 10, or 20 year periods after the beginning of any contract for the lease of power in a manner to be described in the contract.

The amendments were agreed to.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended so as to read: "An act authorizing the lease of surplus power developed under the Salt River reclamation project, Arizona."

BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HARRIS:

A bill (S. 3829) to establish the Benning National Forest in the State of Georgia; to the Committee on Public Lands and Surveys.

By Mr. McNARY:

A bill (S. 3830) granting a pension to Mary J. Baldwin; to the Committee on Pensions.

By Mr. FERNALD:

A bill (S. 3831) granting a pension to Isabell Guptill (with accompanying papers); to the Committee on Pensions.

By Mr. JONES of Washington:

A bill (S. 3832) providing for officers' retirement under certain conditions; to the Committee on Military Affairs.

By Mr. DU PONT:

A bill (S. 3833) granting an increase of pension to Frances Henrietta Bubb; to the Committee on Pensions.

By Mr. WATSON of Indiana:

A bill (S. 3834) to authorize the Chicago, Lake Shore & Eastern Railway Co. to construct a bridge across the Grand Calumet River in the State of Indiana; to the Committee on Commerce.

By Mr. UNDERWOOD:

A bill (S. 3835) for the relief of William B. Minor; to the Committee on Claims.

By Mr. FRELINGHUYSEN:

A bill (S. 3836) conferring jurisdiction upon the Court of Claims to hear and determine claims of the International Arms & Fuze Co.; to the Committee on Claims.

By Mr. KING:

A bill (S. 3837) to unify and improve the street car service in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. HARRISON:

A bill (S. 3838) for the relief of the Cleveland State Bank, of Cleveland, Miss.; to the Committee on Claims.

AMENDMENT TO GRAIN FUTURES BILL.

Mr. NELSON submitted an amendment intended to be proposed by him to the bill (H. R. 11843) for the prevention and removal of obstructions and burdens upon interstate commerce in grain, by regulating transactions on grain future exchanges, and for other purposes, which was referred to the Committee on Agriculture and Forestry and ordered to be printed.

CONSTITUTIONAL POWERS OF THE SUPREME COURT (S. DOC. NO. 234).

Mr. HARRELD. Mr. President, inasmuch as the question of the constitutional powers of the Supreme Court of the United States has recently been the subject of considerable acrimonious discussion in the Senate and outside, I desire unanimous consent to print in the CONGRESSIONAL RECORD and also as a Senate document an article written by Judge Preston A. Shinn, of Pawhuska, Okla., a constituent of mine, the article being entitled "The Constitution is the higher law—An answer to articles written by Hon. Walter Clark, of the North Carolina Supreme Court." The article by Judge Shinn is a very able one and throws much light on the subject.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The article referred to is as follows:

THE CONSTITUTION IS THE HIGHER LAW—AN ANSWER TO ARTICLES WRITTEN BY HON. WALTER CLARK, OF THE NORTH CAROLINA SUPREME COURT.

Hon. Walter Clark, of the North Carolina Supreme Court, has written several articles, which have been made public documents of the United States Senate, denying the authority of the United States Supreme Court to declare acts of Congress unconstitutional—"Government by judges"; "Some myths of the law"; "Some defects in the Constitution of the United States"; "Back to the Constitution." The question has recently been and is now before the Senate of the United States, and the articles of Justice Clark are receiving a generous circulation. It is evident from the documents that Justice Clark favors a Government not republican in form, but a democracy. Because of the very high position of Justice Clark, being the head of one of the great judicial bodies of the country, these articles will have very great weight with the public and may be expected to do the cause of constitutional government great injury.

The justice builds his structure on erroneous facts and history, fans the embers of prejudice until the castle is in flames, and then calls on the guests to save themselves by jumping from a tenth-story window. He says that the delegates who drafted and the people who adopted the Constitution of the United States did not know that the court would have authority to declare acts of Congress void, nor did they intend that the court have such authority; that the instrument itself fails to supply the authority.

The corner stone of his structure has been condemned by every master builder to whom it has been presented. He thus states it: "This is in accordance with the theory of our Government, which is that the lawmaking body is one of restrictions."

That is, that it represents the people and has all power that is not denied it by the organic law, whereas the executive and judicial are grants of power and have no authority except that conferred by the Constitution. This is the statement made by Black and sums up correctly the analysis of our State and Federal Constitutions as they are written. (Back to the Constitution, p. 3.) This statement is probably true as to the State constitutions, but no basic error could be greater than the above statement that Congress "has all power that is not denied it by the organic law," when applied to the Federal Constitution. The States were 13 years old when the Federal Government was born, and the States, or the people, created the Federal Government by delegating to it certain authority belonging to the State and its people, retaining in the State and its people all the remaining powers and authority which it then had. Nothing in the science of our Government is more firmly established than that the United States is a Government of delegated powers and authority—that we look to its Constitution to determine what the Congress can do; that the State constitutions are a limitation upon authority, and the legislature can enact all laws, except wherein it is forbidden. It is because of the fact that the Federal Constitution is an instrument of delegation that it becomes necessary for the people to have a tribunal, other than the Congress, to protect the States and the people from the encroachments of Congress.

"The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively or to the people." (Tenth amendment to United States Constitution.)

The convention that drafted the Constitution met in 1787 and was in session for more than six months. Justice Clark devotes much space to the convention and says:

"Even in such a convention, thus composed and thus secluded from the influence of public opinion, the persistent effort to grant the judges such power was repeatedly and overwhelmingly denied. The proposition was made, as we now know, from Mr. Madison's journal, that 'the judges should pass upon the constitutionality of acts of Congress.' This was defeated June 4, receiving the votes of only two States. It was renewed no less than three times, i. e., on June 6, July 21, and finally again, for the fourth time, on August 15, it was brought forward, and though it had the powerful support of James Madison, afterwards President Madison, and James Wilson, afterwards a justice of the United States Supreme Court, the proposition at no time received the votes of more than three States. On this last occasion, August 15, Mr. Mercer thus summed up the thought of the convention, as evidenced by its vote: 'He disapproved of the doctrine that the judges, as expositors of the Constitution, should have authority to declare a law void. He thought the laws ought to be well and cautiously made, and then to be incontrovertible.' (Government by Judges, p. 9.)

It is the intention of Justice Clark to say that the convention voted on this question: "The judges should pass upon the constitutionality of the acts of Congress," and he attempts to prove that Mr. Mercer expressed the thought of the convention by quoting a part of the speech of Mr. Mercer, as reported in Mr. Madison's Journal of the Proceedings of the Convention. I have examined three editions of Madison's Journal, and the convention did not have this question before it on August

15 nor on any other day. (Documentary History of United States Constitution, published by State Department, vol. 3; Scott's Madison's Journal; and Elliot's Debates, vol. 5.)

The Virginia delegation in the convention, by Governor Randolph, presented a set of resolutions to the convention, as a plan or basis for a constitution. The eighth resolution provided for a "council on revision" of the acts of Congress composed of the Executive and a convenient number of the Supreme Judiciary, and if this "council on revision" failed to agree with Congress on the policy of the proposed law, it then would become necessary for Congress to pass the same over the veto of the "council on revision" by a —— vote of Congress.

This number was left blank, same to be filled in by a vote of the convention. The debates of the convention conclusively prove that the object of having this "council on revision" was to pass upon the policy of enacting the proposed law, and it was what we know to-day as the veto power of the President. This question was before the convention several times, and each time practically in the same form. On August 15, the last time, Mr. Madison moved "that all acts before they become laws should be submitted both to the Executive and Supreme Judiciary Departments, that if either of these should object, two-thirds of each House, if both should object, three-fourths of each House, should be necessary to overrule the objections and give to the acts the force of law." (The three editions of Madison's Journal, August 15, 1787.) This motion was seconded by Mr. Wilson.

"Mr. Pinckney opposed the interference of the judges in the legislative business: It will involve them in parties and give a previous tincture to their opinions." (Madison's Journal, August 15, vol. 3, Doc. Hist. Con., 537.)

"Mr. Mercer heartily approved the motion. It is an axiom that the judiciary ought to be separate from the legislative: but equally so that it ought to be independent of that department. The true policy of the axiom is that the legislative usurpation and oppression may be obviated. He disapproved of the doctrine that the judges as expositors of the Constitution should have authority to declare a law void. He thought laws ought to be well and cautiously made and then to be uncontrollable [incontrovertible]." (Madison's Journal, August 15, vol. 3, Doc. Hist. Con., 537.)

"Mr. GERRY. This motion comes to the same thing with what has been already negatived." (Madison's Journal, August 15, vol. 3, Doc. Hist. Con. 537.)

Mr. Mercer, who had only been in the convention since August 6, had evidently been informed as to the previous attitude of the delegates on the right of the Supreme Court to declare laws of Congress unconstitutional, and he was opposed to this "doctrine" and favored the judges participating with the Executive in the veto power. But the convention voted against the view of Mr. Mercer by a vote of 8 States to 3. (Madison's Journal, August 15, vol. 3, Doc. Hist. Con. 537.) Mr. Mercer was with the minority and not the majority, as stated by Justice Clark, supra.

"Mr. Dickenson was strongly impressed with the remark of Mr. Mercer as to the power of the judges to set aside the law. He thought no such power ought to exist. He was at the same time at a loss what expedient to substitute." (Madison's Journal, August 15, vol. 33, Doc. Hist. Con. 538.)

Thus we find Mr. Dickenson supporting the position of Mr. Mercer, but admitting that some plan or "expedient" was necessary to hold the Congress in check. Delaware, the State of Mr. Dickenson, and Maryland, the State of Mr. Mercer, were of the three States that voted for the motion. The question had been settled in the minds of the delegates, as evidenced by their former proceedings, and they refused to concur in the view of Mr. Mercer, and he did not express the "thought of the convention, as evidenced by its vote."

The question was first before the convention on June 4 in this form: "*Resolved*, That the Executive and a convenient number of the national judiciary ought to compose a council of revision," being the first clause of Randolph's eighth resolution. (Madison's Journal, June 4, vol. 3, Doc. Hist. Con. 18, 54.)

"Mr. Gerry doubts whether the judiciary ought to form a part of it, as they will have a sufficient check against encroachments on their own department by their exposition of the laws, which involved a power of deciding on their constitutionality. In some States the judges had actually set aside laws as being against the Constitution. This was done, too, with general approbation. It was quite foreign from the nature of the office to make them judges of the policy of public measures. He moves to postpone clause in order to propose 'that the National Executive shall have a right to negative any legislative act which shall not be afterwards passed by —— parts of each branch of the National Legislature.'" (Madison's Journal, June 4, vol. 3, Doc. Hist. Con. 54.)

"Mr. King seconds the motion, observing that the judges ought to be able to expound the law as it should come before them, free from the bias of having participated in its formation. (Madison's Journal, June 4, vol. 3, Doc. Hist. Con. 55.) The Gerry motion carried and the question was not further considered until the 6th, when the question was the same as on the 4th. On the 6th Mr. Madison said: 'An association of the judges in this revisionary function would both double the advantage and diminish the danger. It would also enable the Judiciary Department the better to defend itself against legislative encroachments. Two objections had been made—first, that the judges ought not to be subject to the bias which a participation in the making of laws might give in the exposition of them; secondly, that the Judiciary Department ought to be separate and distinct from the other great departments. The first objection had some weight.'" (Madison's Journal, June 6, vol. 3, Doc. Hist. Con. 77.) He then goes on in explanation of these objections. Others spoke on the question, but the motion to join the judiciary with the Executive in the veto power was defeated.

The same question, upon motion by Mr. Wilson, was fully debated by the convention on July 21. It is somewhat strange that Justice Clark thought best not to advise the public of what was said in the debates on the 21st and the other days when this question was being considered. He mentions a very small part of the speech of Mr. Mercer on August 15, and then brushes the question aside as being settled by his own statement, that the convention did not intend that the court have this authority. Because of his high public position, the public is expected to consider the question as settled. On the 21st, Mr. Wilson moved as an amendment to the tenth resolution, "that the supreme national judiciary should be associated with the Executive in the revisionary power."

Mr. Wilson said:

"This proposition had been before made and failed; but he was so confirmed by reflection in the opinion of its utility that he thought it incumbent on him to make another effort. The judiciary ought to have an opportunity of remonstrating against projected encroachments on the people as well as on themselves. It had been said that the judges, as expositors of the laws; would have an opportunity of defending their constitutional rights. There was weight in this observation; but this power of the judges did not go far enough. Laws may be unjust, may be unwise, may be dangerous, may be destructive; and yet may not be so unconstitutional as to justify the judges in refusing to give them effect. Let them have a share in the revisionary power, and they will have an opportunity of taking notice of those characters of a law, and of counteracting, by the weight of their opinions, the improper views of the legislature." (Madison's Journal, July 21, vol. 3, Doc. Hist. Con. 390.)

Mr. Gorham did not see the advantage of employing the judges in this way. As judges they are not to be presumed to possess any peculiar knowledge of the mere policy of public measures. Nor can it be necessary as a security for their constitutional rights. (Madison's Journal, July 21, vol. 3, doc. Hist. Con. 391.)

Mr. Gerry did not expect to see this point, which had undergone full discussion, again revived. The object be conceived of the revisionary power was merely to secure the executive department against legislative encroachment. The Executive, therefore, who will best know and be ready to defend his rights ought alone to have the defense of them. (Madison's Journal, July 21, vol. 3, Doc. Con. 393.)

Mr. Strong thought, with Mr. Gerry, that the power of making ought to be kept distinct from that of expounding the laws. No maxim was better established. The judges in exercising the function of expositors might be influenced by the part they had taken in passing the laws. (Madison's Journal, July 21, vol. 3, Doc. Hist. Con., 393.)

Mr. L. Martiff considered the association of the judges with the Executive as a dangerous innovation, as well as one that could not produce the particular advantage expected from it. A knowledge of mankind and of legislative affairs can not be presumed to belong in a higher degree to the judges than to the legislature. And as to the constitutionality of laws, that point will come before the judges in their official character. In this character they have a negative on the laws. Join them with the Executive in the revision, and they will have a double negative. (Madison's Journal, July 21, vol. 3, Doc. Hist. Con. 395).

Colonel Mason observed that the defense of the Executive was not the sole object of the revisionary power. He expected even greater advantages from it. Notwithstanding the precaution taken in the constitution of the legislature, it would still so much resemble that of the individual States that it must be expected frequently to pass unjust, pernicious laws. This restraining power was therefore essentially necessary. It would have the effect not only of hindering the final passage of such laws but would discourage demagogues from attempting to get them passed. It has been said (by Mr. L. Martin) that if the judges were joined in this check on the laws they would have a double negative, since in their expository capacity of judges they would have one negative. He would reply that in this capacity they could impede, in one case only, the operation of the laws. They could declare an unconstitutional law void. But with regard to every law, however unjust, oppressive, or pernicious, that did not come plainly under this description, they would be under the necessity, as judges, to give it a free course. He wished the further use to be made of the judges of giving aid in preventing every improper law. (Madison's Journal, July 21, vol. 3, Doc. Hist. Con. 396.)

"Mr. Rutledge thought the judges, of all men, the most unfit to be concerned in the revisionary council. The judges ought never to give their opinion on a law till it comes before them. He thought it equally unnecessary. The Executive could advise with the officers of state, as of war, finance, etc., and avail himself of their information and opinions." (Madison's Journal, July 21, vol. 3, Doc. Hist. Con. 399.)

The motion of Mr. Wilson to join the judiciary with the Executive as a council of revision failed, and it was left as the convention had already decided, with the Executive, whose title at that time had not been fixed by the convention, but was afterwards termed "the President." He retains this authority to-day, and it requires a two-thirds vote to pass the act over the veto of the President. From the above debate it will appear that it was generally considered by the convention that under the Constitution the Supreme Court would have authority to declare void laws unconstitutional. Many of the speakers so declared, and in no instance was there a member who denied the right. It will be noticed from the debates, supra, that each speaker considered the council on revision only for the purpose of passing on the policy or advisability of enacting the proposed law, and not as suggested by Justice Clark, supra.

The mind of the convention was expressed incidentally on other occasions. It was urged in the convention that Congress have authority to negative any law of a State which might conflict with the Federal laws.

"Mr. Sherman thought it unnecessary, as the courts of the States would not consider as valid any law contravening the authority of the Union." (Madison's Journal, July 17, vol. 3, Doc. Hist. Con. 351.)

On August 22 the question of ex post facto laws was before the convention, and Mr. Williamson said:

"Such a prohibitory clause is in the constitution of North Carolina, and though it had been violated it has done much good there, and may do good here," because the judges can take hold of it. (Madison's Journal, August 22, vol. 3, Doc. Hist. Con. 593.)

And again on August 28 we find:

"Mr. MADISON. Is not that already done by the prohibition of ex post facto laws, which will oblige the judges to declare interferences null and void?" (Madison's Journal, August 28, vol. 3, Doc. Hist. Con. 631.)

So, if Madison's Journal, cited by Justice Clark, and the letters written by members of the convention are to be given their proper weight, there can be no doubt as to the intention of the convention to confer in the Constitution authority upon the Supreme Court to declare void acts of Congress unconstitutional. When the history of the Constitution is studied step by step we can not doubt but that the language of the Constitution confers the authority. On August 26 the present section 2 of Article III read:

"The judicial power shall extend to all cases, in law and equity, arising under the laws of the United States * * *."

On August 27 Doctor Johnson moved to insert the words "this Constitution and the" before the word "laws." (Madison's Journal, August 27, vol. 3, Doc. Hist. Con. 626.)

"Mr. Madison doubted whether it was not going too far to extend the jurisdiction of the court generally to cases arising under the Constitution, and whether it ought not to be limited to cases of a judiciary nature. The right of expounding the Constitution in cases not of this

nature ought not to be given to that department." (Madison's Journal, August 27, vol. 3, Doc. Hist. Con. 626.)

"The motion of Doctor Johnson was agreed to nem. con., it being generally supposed that the jurisdiction given was constructively limited to cases of a judiciary nature." (Madison's Journal, Aug. 27, vol. 3, Doc. Hist. Con. 626.)

Section 2 of Article III now reads: "The judicial power shall extend to all cases, in law and equity, arising under this Constitution, the laws of the United States * * *." No one will doubt but that the Constitution is an instrument of greater authority than congressional acts, and Article VI of the Constitution, wherein it says: "This Constitution, and the laws of the United States which shall be made in pursuance thereof * * * shall be the supreme law of the land," is conclusive on this point. The judicial power extends to all cases arising under the Constitution and the laws of the United States which shall be made in pursuance thereof—then, is it not necessary for the court, when the question is properly raised, to say whether or not the act of Congress is authorized by, or in "pursuance" of, the Constitution?

Justice Clark in each of his articles says that Jefferson, Jackson, and Lincoln criticized the Supreme Court, intending, no doubt, to leave the impression that each of them questioned the authority of the court to choose between the Constitution and the acts of Congress. Some of these men were on several sides of many questions—let them speak for themselves. Shortly after the election of Mr. Jefferson to the Presidency the Legislature of Rhode Island presented him with a congratulatory address soliciting an expression of his views on the Federal Constitution, and in his reply thereto Mr. Jefferson said:

"The Constitution shall be administered by me according to the safe and honest meaning contemplated by the plain understanding of the people at the time of its adoption—a meaning to be found in the explanations of those who advocated, not those who opposed it. These explanations are preserved in the publications of the time." (Elliot's Debates, vol. 4, p. 446.)

What were the publications of the time? After the convention had concluded its labors the proposed Constitution was submitted to the people of the States for adoption. Not to the legislatures of the States, as suggested by Justice Clark, but to the people through their chosen delegates, for that purpose. (Elliot's Debates, vol. 1, pp. 319, 335, Article VII of Constitution.) In many of the States there was great opposition to the adoption of the Constitution, both by speeches and through the press. Its enemies raised every conceivable objection to its adoption. That the Congress had too much power; that the President would become a king; and that too much authority had been given to the Federal courts. The friends of the Constitution did not deny that great power had been given to the courts, and that it would be the duty of the Supreme Court to declare void acts of Congress unconstitutional, but defended the same, both by public speeches and through the press.

Hamilton, one of the most active members of the Constitutional Convention, and Madison, also a member of the convention, known as the "father of the Constitution," with John Jay, published a series of articles under the name of "Publius" defending and expounding the meaning of the Constitution. These articles were copied by the press in most of the States where there was a contest, and were published in pamphlet form and given very wide circulation, becoming known as the "Federalist." Six of these articles are devoted to the judiciary, and they are most instructive. No doubt Mr. Jefferson had the Federalist in mind when he wrote to the Legislature of Rhode Island. In No. LXXVIII—and everyone should read the entire paper—Mr. Hamilton said:

"The complete independence of the courts of justice is peculiarly essential in a limited constitution. By a limited constitution I understand one which contains certain specified exceptions to the legislative authority; such, for instance, as that it shall pass no bills of attainder, no ex post facto laws, and the like. Limitations of this kind can be preserved in practice no other way than through the medium of the courts of justice, whose duty it must be to declare all acts contrary to the manifest tenor of the Constitution void. Without this, all the reservations of particular rights or privileges would amount to nothing.

"Some perplexity respecting the rights of the courts to pronounce legislative acts void because contrary to the Constitution has arisen from an imagination that the doctrine would imply a superiority of the judiciary to the legislative power. It is urged that the authority which can declare the acts of another void must necessarily be superior to the one whose acts must be declared void. As this doctrine is of great importance in all the American constitutions, a brief discussion of the ground on which it rests can not be unacceptable.

"There is no position which depends on clearer principles than every act of delegated authority, contrary to the tenor of the commission under which it is exercised, is void. No legislative act, therefore, contrary to the Constitution can be valid. To deny this would be to affirm that the deputy is greater than his principal; that the servant is above his master; that the representatives of the people are superior to the people themselves; that men acting by virtue of powers may do not only what their powers do not authorize but what they forbid.

"A constitution is, in fact, and must be regarded by the judges as a fundamental law. It therefore belongs to them to ascertain its meaning, as well as the meaning of any particular act proceeding from the legislative body. If there should happen to be an irreconcilable variance between the two, that which has the superior obligation and validity ought, of course, to be preferred; or, in other words, the Constitution ought to be preferred to the statute, the intention of the people to the intention of their agents.

"Nor does this conclusion by any means suppose a superiority of the judicial to the legislative power. It only supposes that the power of the people is superior to both; and that where the will of the legislature, declared in its statutes, stands in opposition to that of the people, declared in the Constitution, the judges ought to be governed by the latter rather than the former. They ought to regulate their decisions by the fundamental laws rather than by those which are not fundamental."

Can argument be more convincing than the above from Hamilton? John Marshall was one of the delegates to the Virginia convention which adopted the Constitution. The Constitution was most bitterly fought in that convention. Patrick Henry with all the force of his great eloquence led the fight against its adoption, and did not overlook the Supreme Court of the United States. In reply Mr. Marshall said in part:

"These, sir, are the points of Federal jurisdiction to which he objects, with a few exceptions. Let us examine each of them with a supposition that the same impartiality will be observed there as in other courts, and then see if any mischief will result from them. With respect to its cognizance in all cases arising under the Constitution and the laws of the United States, he says that the laws of the United States being paramount to the laws of the particular States, there is no case but what this will extend to. Has the Government of the United States power to make laws on every subject? Does he understand it so? Can they make laws affecting the mode of transferring property, or contracts, or claims, between citizens of the same State? Can they go beyond the delegated powers? If they were to make a law not warranted by any of the powers enumerated, it would be considered by the judges as an infringement of the Constitution which they are to guard. They would not consider such a law as coming under their jurisdiction. They would declare it void." (Elliot's Debates, vol. 3, p. 553.)

Patrick Henry, among other things, said:

"When Congress, by virtue of this sweeping clause, will organize these courts, they can not depart from the Constitution, and their laws in opposition to the Constitution would be void. If Congress, under the specious pretense of pursuing this clause, altered it and prohibited appeals as to fact, the Federal judges, if they spoke the sentiments of independent men, would declare their prohibition nugatory and void." (Elliot's Debates, vol. 3, pp. 540, 541.)

Wilson and others in Pennsylvania, Ellsworth and Sherman in Connecticut, and delegates in all the conventions where the question was raised, admitted that the Constitution gave the authority to the Supreme Court, and defended it. President Adams, knowing John Marshall's avowedly strong views on the authority of the court in this regard, appointed him in 1801 Chief Justice of the court, saying, "This is the greatest act of my administration." Luther Martin, a delegate from Maryland to the Constitutional Convention, refused to sign the instrument, and wrote a letter to the people of Maryland in which he called attention to the many things which he considered defects in the new Constitution, and urged the people not to adopt it, had this to say of the court:

"Whether, therefore, any laws or regulations of the Congress, any acts of its President or other officers, are contrary to or not warranted by the Constitution rests only with the judges who are appointed by Congress to determine; by whose determination every State must be bound." (Elliott's Debates, vol. 1, p. 380.)

For several years after the adoption of the Constitution there sat in Congress many of the men who had been active in the Constitutional Convention, and the debates of the early sessions of Congress throw much light on the meaning of the instrument. In the Senate, in January, 1800, Mr. Mason said:

"It will be found that the people, in forming their Constitution, meant to make the judges as independent of the legislature as of the Executive, because the duties they have to perform call upon them to expound not only the laws but the Constitution also, in which is involved the power of checking the legislature, in case it should pass any laws in violation of the Constitution. For this reason it was more important that the judges in this country should be placed beyond the control of the legislature than in other countries, where no such power attaches to them.

"He knew that they might pass unconstitutional laws, and that the judges, sworn to support the Constitution, would refuse to carry them into effect; and he knew that the legislature might contend for the execution of their statutes. Hence the necessity of placing the judges above the influence of these passions; and for these reasons the Constitution had put them out of the power of the legislature." (Elliot's Debates, vol. 4, p. 442.)

The celebrated "Virginia resolutions" of 1798, pronouncing certain alien and sedition laws unconstitutional and calling on the other States to join Virginia in resisting them, received a cold shoulder from most of the States; and the reply of Rhode Island is somewhat typical of the answers received by Virginia:

"In General Assembly, February, A. D. 1799.

"Certain resolutions of the Legislature of Virginia, passed on 21st of December last, being communicated to this assembly:

"1. *Resolved*, That, in the opinion of this legislature, the second section of the third article of the Constitution of the United States, in these words, to wit, 'The judicial power shall extend to all cases arising under the laws of the United States,' vests in the Federal courts exclusively and in the Supreme Court of the United States ultimately the authority of deciding on the constitutionality of any law of the Congress of the United States." (Elliot's Debates, vol. 4, p. 533.)

It is generally known that Webster had no doubts as to the authority of the court; and in the famous debate in the Senate in 1830 between Mr. Webster and Mr. Hayne, with which most schoolboys are familiar, Mr. Hayne said:

"But there is one point of view in which this matter presents itself to my mind with irresistible force. The Supreme Court, it is admitted, may nullify an act of Congress by declaring it to be unconstitutional. Can Congress after such a nullification proceed to enforce the law, even if they should differ in opinion from the court?" (Elliott's Debates, vol. 4, p. 514.)

Justice Clark says that Jackson had denied the authority of the Supreme Court in this respect. In November, 1832, South Carolina passed an ordinance touching the tariff laws of the United States which, had the State been permitted to carry out, would have taken the State out of the Union. President Jackson issued a proclamation to the State, which had the desired effect, wherein he said:

"If it should be said that public opinion is a sufficient check against the abuse of this power, it may be asked why it is not deemed a sufficient guard against the passage of an unconstitutional act by Congress. There is, however, a restraint in this last case which makes the assumed power of a State more indefensible, and which does not exist in the other. There are two appeals from an unconstitutional act passed by Congress—one to the judiciary, the other to the people and the States." (Elliot's Debates, vol. 4, p. 584.)

Lincoln exercised the right to criticize the court, but he never denied the right of the court to declare void acts unconstitutional. In a speech in Springfield, Ill., he said:

"We believe as much as Judge Douglas, perhaps more, in obedience to and respect for the judicial department of government. We think its decisions on constitutional questions, when fully settled, should control not only the particular case decided but the general policy of the country, subject to be disturbed only by amendments to the Constitution as provided in that instrument itself. More than this would be revolution." (Reply to Douglas, June 26, 1857; Centenary Edition of Lincoln's Speeches.)

History does not support, and for that reason I can not agree with the statement that "Judge Marshall recognized this in Marbury *v.* Madison, in which case in an obiter opinion he had asserted the power

to declare an act of Congress unconstitutional, for he wound up by refusing the logical result, the issuing of the mandamus sought, because Congress had not conferred jurisdiction upon the Supreme Court to issue it." (Some Defects in the Constitution, p. 14.) Marbury v. Madison, as to the point in question, was in no sense of that word an obiter opinion, as it was a necessary part of the court's opinion.

The people in the Constitution had established the original jurisdiction of the Supreme Court, but left it to Congress to regulate the appellate jurisdiction. The Congress in 1789, among other things, attempted to confer original jurisdiction on the court in mandamus. Upon the application of Marbury the court, under the act of 1789, granted the "rule" requiring the Secretary of State, Mr. Madison, to show cause why a mandamus should not issue compelling him to issue to Marbury his commission as a justice of the peace in the District of Columbia. When the case came on for hearing before the court its jurisdiction to issue the writ of mandamus was questioned. Every lawyer knows that the court's first duty was to decide that question, and the decision of that question could not be obiter, it being absolutely necessary. The court said:

"Congress can not confer on this court any original jurisdiction.

"When the Constitution and an act of Congress are in conflict the Constitution must govern the case to which they both apply.

"An act of Congress repugnant to the Constitution is not law.

"To issue a writ of mandamus requiring a Secretary of State to deliver a paper would be an exercise of original jurisdiction not conferrable by Congress and not conferred by the Constitution on this court." (Marshall's Constitutional Decisions (Dillon), 2.)

So instead of holding out for greater authority, the court refused to accept of authority, which the people in their Constitution had not conferred upon the court. The writ of mandamus was refused, not because "Congress had not conferred jurisdiction," but because Congress was acting without jurisdiction, as the people had already acted when they adopted the Constitution.

The court may have used obiter on another question in this case, but, if so, its words will sound very sweet to the readers of Mr. Clark. Keep in mind that it was the Secretary of State, a great Cabinet officer, whose acts were in question in this case. The court says:

"The very essence of civil liberty certainly consists in the right of every individual to claim the protection of the laws whenever he receives an injury. One of the first duties of government is to afford that protection. In Great Britain the King himself is sued in the respectful form of a petition, but he never fails to comply with the judgment of his court.

"The Government of the United States has been emphatically termed a government of laws and not of men. It will certainly cease to deserve this high appellation if the laws furnish no remedy for the violation of a vested right.

"Questions in their nature political or which are by the Constitution and laws submitted to the Executive can never be made in this court.

"But if this be not such a question, if so far from being an intrusion into the secrets of the Cabinet it respects a paper which according to law is upon record and to a copy of which the law gives a right on the payment of 10 cents, if it be no intermeddling with a subject over which the Executive can be considered as having exercised any control, what is there in the exalted station of the officer which shall bar a citizen from asserting in a court of justice his legal rights or shall forbid a court to listen to the claim or to issue a mandamus directing the performance of a duty not depending on Executive discretion but on particular acts of Congress and the general principles of law?

"If one of the heads of departments commit any illegal act under color of his office by which an individual sustains an injury, it can not be pretended that his office alone exempts him from being sued in the ordinary mode of proceeding and being compelled to obey the judgment of the law."

The court held that Marbury had a right of action against the Secretary of State to compel him to deliver his commission, but that he was in the wrong court, as the Constitution had not conferred original jurisdiction on the Supreme Court to issue mandamus.

Among the many criticisms of the Supreme Court made by Justice Clark he has this to say concerning the fourteenth amendment:

"Aware of this defect, the court since the war has sought to found its jurisdiction to nullify legislative action upon the fourteenth amendment. It has been well said that that amendment, which was intended for the protection of the Negro, had failed entirely in that purpose, but has become a very tower of strength to the great aggregations of wealth. Not only no force can be justly given to the construction placed by the Supreme Court upon the fourteenth amendment from the knowledge of the history of its adoption, but the words used can not fairly be interpreted as they have been. 'Due process of law' means the orderly proceeding of the courts and the 'equal protection of the laws' was never intended to give to the Federal courts irreviewable supremacy over Congress and the President. (Back to the Constitution (Clark), 11.)

That section of the fourteenth amendment referred to by Mr. Clark is an inhibition against the States, and confers no rights upon Congress other than to enforce the inhibition: "No State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any State deprive any person of life, liberty, or property without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws." Shortly after the Civil War Congress passed laws which came before the court, and the attorney for the United States contended that they were authorized by the fourteenth amendment.

The court held that the language of the acts did not bring them within the fourteenth amendment and that the acts were repugnant to the tenth amendment, supra. I doubt if there can be found a single opinion by the Supreme Court that warrants the attack of Mr. Clark. The court has consistently held that the fourteenth amendment applies only to the States, acting by their authorized agents, as the legislature, the courts, etc., and that it does not inhibit the citizens of a State, except where they represent and speak for the State.

Many other statements of Mr. Clark are not supported by the facts, for instance, that the income tax law of 1894 was passed by "the lower House unanimously, and I believe there were only one or two votes against it in the Senate. The President, who was a good lawyer, approved it" (Government by Judges (Clark), 12), and then it was declared unconstitutional by "five elderly lawyers, selected by influences naturally antagonistic to the laboring classes." (Defects in Con. of U. S. (Cark), 13.) The facts are that the law passed the House not unanimously but by a vote of 204 for to 140 against it. In the Senate the vote was 39 for and 34 against, with 12 Members refusing to vote, and President Cleveland refused to approve of the bill and allowed it to become a law by holding it for 10 days. (Senate Document 547, p. 13, of Sixtieth Congress, second session.) It is more than likely that the ability of the minority who opposed the act and of the "President, who was a good lawyer," who refused to approve the same, was greater than the ability of those who "unanimously" passed the law. Read and study the lives of the "elderly lawyers" who compose the Supreme Court now, or at any time prior, and decide for yourself if there is any reason why they should be "antagonistic to the laboring classes." Read the opinions of the Supreme Court for the past 20 years and see if these "elderly lawyers" have not by obiter blazed the way for much of the progressive legislation during that period. Read the recent opinion of the court on the Adamson law and you will be able to make a pretty good guess as to the character of railroad legislation we have a right to expect within a reasonably short period.

The words of Lincoln in 1860 seem quite pertinent at this time. Senator Douglas, without going into the facts, declared to his people that his position on the question of slavery was the position of the "fathers." Lincoln, in a speech in 1960 in Cooper Union replied to the assertion of Douglas as to the position of the "fathers," using these words:

"But he [Douglas] has no right to mislead others who have less access to history and less leisure to study it into false beliefs that our fathers, who framed the Government under which we live, were of the same opinion, thus substituting falsehood and deception for truthful evidence and fair argument."

PRESTON A. SHINN.

PAWHUSKA, OKLA.

THE COAL SITUATION.

Mr. WALSH of Massachusetts. Mr. President, I ask unanimous consent to have printed in the RECORD a communication from the Governor of Massachusetts, Hon. Channing H. Cox, addressed to the members of the Massachusetts delegation in Congress in reference to the coal situation in Massachusetts and throughout New England.

There being no objection, the communication was ordered to be printed in the RECORD, as follows:

THE COMMONWEALTH OF MASSACHUSETTS,
EXECUTIVE DEPARTMENT.

To the Members of the Massachusetts Delegation in Congress:

The people of Massachusetts and New England view with the greatest concern the present serious condition caused by the prolonged strike in the coal mines. It is generally known that our people could not resist the rigors of our winter climate without coal, that coal is necessary for the conduct of our public utilities, and that industry and commerce in this section would be destroyed without an ample supply of cheap coal. It is doubtful if the actual conditions with reference to our supply of coal at present are known, and I therefore feel it my duty to present these conditions to you, as they have been determined by Mr. Hultman, the Massachusetts fuel administrator, and I urge that in any way possible action be taken which may insure to our people a supply of coal for the winter.

The troubles of the two branches of the coal industry are diametrically opposite. In the anthracite industry the trouble is due to underproduction made possible by natural monopolistic conditions; on the other hand, the bituminous industry is in trouble from overproduction. The production of anthracite is not capable of expanding in an emergency as is the case of bituminous. The demand for anthracite does not materially fluctuate, while the demand for bituminous is dependent upon industrial and commercial activities.

It is an interesting fact that the total yearly production of anthracite coal is less than the annual fluctuation in the production of bituminous coal.

So complete is our dependency upon coal for mechanical power and heat that the public health and welfare is seriously threatened by selfish quarrels in the coal industry between capital and labor. When such a menace confronts the people it is unquestionably the duty of the Government to act.

The proper time for the Government to intervene and the action that should be taken are matters of great importance and must be sanely and impartially considered by those who are responsible for the administration of our Government.

The people have a right to expect their Government to protect their rights. If relief from a menace can not be secured by methods of conciliation and arbitration, suitable action must be taken, either by the President or Congress, that will safeguard the welfare and health of the people.

1. ANTHRACITE COAL.

I would be remiss in my duty if I did not advise the people of Massachusetts in regard to the deplorable and dangerous situation that may confront householders who are dependent or rely upon anthracite coal for their domestic fuel next winter.

Resumption in mining of anthracite coal must be commenced without delay; otherwise the householders of Massachusetts will not be able to secure an ample supply of anthracite coal for domestic needs. This condition will exist in the entire eastern and northeastern sections of the country, with the exception of Pennsylvania.

2. BITUMINOUS COAL.

There is at present no shortage in the supply of bituminous coal available to Massachusetts and the other eastern and northeastern States of the country. While the future is uncertain in regard to our bituminous coal supply no trouble is as yet apprehended.

Below are the principal facts and figures on which the above conclusions are based.

ANTHRACITE COAL.

PRODUCTION.

On April 1 the anthracite miners officially "suspended production" and on June 26 the anthracite miners authorized the union officials to declare that a "strike" existed. The union leaders have as yet made no strike announcement. However, from April 1 to July 1, 1922, the production of anthracite coal has been about 140,000 net tons, mostly dredged from river bottoms and consisting of steam sizes not commonly

used for domestic purposes. During the same period last year approximately 23,000,000 tons, all sizes, were produced.

Since 1913 the annual production of anthracite coal, which is found and mined only in a small section of the State of Pennsylvania, has been:

	Net tons.
1913	91,525,000
1914	90,822,000
1915	88,995,000
1916	87,578,000
1917	99,612,000
1918	98,826,000
1919	88,092,000
1920	89,598,000
1921	90,473,000

About 65 per cent of the above is domestic sizes, the balance steam sizes.

From the foregoing figures it is evident that even war-time demand and high price for anthracite stimulated production less than 10 per cent. Included in this increased production were vast culm bank recoveries, which coal contained so much rock and bone that the increased production of coal was more apparent than real and resulted in producing what has been described as fire-proof coal.

Excluding Sundays and holidays, the anthracite mines have been obliged to operate at practically full time throughout the entire year to produce the above tonnage.

For more than a month there has been practically no domestic sizes except pea coal available for shipment from storage piles.

The production loss to date this year of approximately 23,000,000 tons can not be made up, and each month the anthracite strike continues will increase this deficit by approximately 7,500,000 tons.

CONSUMPTION, RECEIPTS, AND STOCKS OF ANTHRACITE COAL IN MASSACHUSETTS.

Anthracite coal of domestic sizes, i. e., broken egg, stove, chestnut, and pea, is the principal source of heating the homes of this Commonwealth. We consume about 5,500,000 tons of the domestic sizes each year.

On April 1 when the present coal strike began Massachusetts retail dealers had on hand 726,611 tons. Receipts during April, May, and June, although production at the mines had practically ceased, amounted to 419,824 tons, making the total available coal supply of the dealers from April 1 to July 1 of 1,146,435 tons. During April, May, and June 837,560 tons were delivered by the dealers, leaving a stock on hand in the dealers' yards July 1 of 308,875 tons.

Deliveries for April, May, and June, 1921, were 1,366,521 tons against deliveries for the same months this year of 837,560 tons.

Another matter to be considered is stocks in house cellars carried over from last coal-burning season. Business conditions in this section, together with the people convinced that the price of coal, which is twice as high as in 1913, is sure to be reduced, caused subnormal amounts to be carried over. This assumption is borne out by reports from the dealers that spring deliveries this year included a very large number of 1-ton and one-half-ton orders.

Although anthracite coal was not in any way connected with the recent establishment on May 30 of a "maximum price" for bituminous, the demand for anthracite was immediately stimulated by this action, and it is evident from the dealers' reports that during June the demand for domestic anthracite has been greater than during the same period last year while stocks on hand are rapidly shrinking.

FUTURE OUTLOOK.

In the thickly settled eastern and northeastern sections of our country the householders have allowed themselves to become dependent upon anthracite coal for domestic purposes. The existing strike in the bituminous regions, the unreasonable prejudice of many people against the use of this coal, the construction of the present heating apparatus, especially kitchen ranges, causes me to regard with apprehension the conditions that will probably be foisted upon householders of limited means this fall and winter.

The production of anthracite coal has not been flexible or in any way seasonal during the last 10 years, as has been the case in the bituminous industry. It is a climatic necessity for New England to accumulate large stocks of both anthracite and bituminous coal before winter sets in. This fact, together with the seasonal demand for cars for moving crops and other purposes, may again cause an acute transportation crisis.

The real trouble will come in the fall, when householders find that there is no anthracite coal available or only at prohibitive prices. Such conditions may enable coal "exploiters" to repeat their performance of 1920, when the price of poor quality coal at the mine reached $15 a ton in many cases. This tendency is already showing itself in the anthracite trade by the fact that dealers here are being solicited to buy now at an advance of $2 per ton over the April 1 prices.

The fact remains the anthracite operators and labor union officials have been in conference since March 15 without success. Production, which has been stopped since April 1, must be resumed without delay, or the anthracite-burning population in about 25 States will suffer unwarranted hardship and expense in obtaining an adequate amount of fuel to heat their homes next winter.

BITUMINOUS COAL.

PRODUCTION.

Production from the nonunion mines since April 1 has averaged about 5,000,000 tons weekly. Comparative production tables are shown below:

Bituminous coal production in the United States.

	January, February and March.	April, May, and June.	Total.
1919	106,772,000	106,765,000	213,537,000
1920	135,702,000	122,046,000	257,748,000
1921	101,513,000	94,664,000	196,177,000
1922	129,282,000	57,718,000	187,000,000

CONSUMPTION, RECEIPTS, AND STOCKS OF BITUMINOUS COAL IN NEW ENGLAND.

In considering the local aspects of the bituminous-coal situation it is necessary to consider New England as a unit.

The consumption of bituminous coal fluctuates with industrial and commercial activities, and bituminous-coal receipt figures may be regarded as a good barometer of business conditions.

New England tide and rail bituminous-coal receipts.

	Net tons.
1919	18,182,000
1920	22,434,000
1921	17,188,000

Another important factor in New England's fuel problem is the tremendous growth in the use of fuel oil. In three years the displacement of bituminous coal by fuel oil in New England has grown from 500,000 to 4,000,000 tons. The economic effect of fuel-oil competition upon the price and consumption of bituminous coal in New England is of inestimable value in safeguarding our industrial welfare.

From an examination of the monthly receipts of bituminous coal into New England and comparison with previous years there does not appear to be an abnormal shrinkage caused by the strike to date:

New England bituminous coal receipts (net tons).

	1919	1920	1921	1922
January	1,392,000	1,477,000	1,688,000	1,337,000
February	1,210,000	1,366,000	1,265,000	1,834,000
March	1,070,000	1,765,000	1,335,000	2,285,000
April	1,447,000	1,394,000	1,190,000	1,258,000
May	1,566,000	1,793,000	1,237,000	948,000
June	1,566,000	1,663,000	1,558,000	950,000
Total	8,241,000	9,428,000	8,273,000	8,613,000

The Associated Industries of Massachusetts, at the request of the Fuel Administrator, made a survey of the bituminous coal stocks in the hands of their members as of June 1, 1922, which is quoted in part below:

"From a summary of the questionnaires which we sent out to our members it does not look to us as if the situation was at all alarming at the present time.

"Concerns having annual requirements of 5,000 tons and over generally have a good supply on hand, running from two to six months.

"Concerns having requirements of from 500 to 5,000 tons have supplies to carry them 45 days on an average. The greater part of these concerns are not using coal now, but will be in the market for urgent requirements before December 1.

"Concerns having requirements of less than 500 tons either have very low stocks on hand or enough to carry them for from four to eight months, the former being true of about 60 per cent of this class."

FUTURE OUTLOOK.

Foreign demand for coal is about one-fifth as strong as during the 1919–20 strike emergency period, when exports were totaling about 1,250,000 tons a month compared with about 250,000 tons a month this year. In fact, there is a potential supply of soft coal available for import, and already small shipments have been received from Novia Scotia and England. The foreign demand for coal at any cost was one of the principal causes for the 1919–20 price orgy.

Therefore the only real competition that New England will experience in getting a supply of bituminous coal from the nonunion field, which is its principal source of supply, will come from other sections of the country normally supplied by the so-called union field. So far there has been no governmental diversion of this coal to meet shortage in the West, and natural competition has hardly absorbed the amount produced in excess of the eastern demand as is evidenced by the accumulating stocks of bituminous coal at Hampton Roads.

CHANNING H. COX.

THE TARIFF.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7456) to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, and for other purposes.

The VICE PRESIDENT. The pending amendment will be stated.

The ASSISTANT SECRETARY. The pending amendment is on page 286, after line 16, where the Committee on Finance proposes to insert the following new section:

SEC. 321. That the dye and chemical control act, 1921, approved May 27, 1921, as amended, shall continue in force for one year after the date of the passage of this act.

Mr. McLEAN. Mr. President, I was expecting to address the Senate for a very few moments this morning in support of section 321, but I am informed that there has been a general understanding that all debate has been closed and that the vote is to be taken immediately. Of course, I do not wish to disturb an understanding of that sort, although I am deeply interested in this subject. I will, however, ask unanimous consent to have printed in the RECORD the views of leading chemists and others printed in the Yale Alumni Weekly of April 29, 1921, and May 12, 1922.

Yale University about a year ago adopted plans for the construction of one of the finest and best equipped chemical laboratories in the world and that institution is deeply interested in the subject involved in this amendment. I should like to call the attention of the Senate to the vast importance of sustaining chemical research in every legitimate way, but, under the circumstances, I shall desist, it not being my habit ever to interfere here with the taking of a vote.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

[Extracts from article entitled "Chemistry's Call," by Francis P. Garvan, president of the Chemical Foundation—Yale Alumni Weekly, April 29, 1921.]

The chemist is constantly laboring to make almost everything that we all eat, wear, buy, sell, and use a great deal better, cheaper, and more serviceable. If our chemical science and industry is destroyed by any foreign power, our chemists will be reduced to an unsupported minority or supplanted by foreign chemists whose heads and hearts turn toward the country whose invading forces they really represent. Not many years ago almost every American business man was obliged to depend upon German chemical experts, who spied on his plant for their Kaiser and betrayed its secrets to their country's competitive business forces. Americans must stand on guard at these key points in every business in the future.

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Three shiploads of selected dyestuffs from Germany—upon which she will glady pay as high a tariff as can be imposed—can supply our whole country's dye needs for a year and serve to ruin every one of our drug, dye, and chemical plants, from the smallest to the very largest.

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As our chemists lead the way to the higher civilization ahead, every man, woman, and child in America must push on behind them. To every hundred struggling chemists in this country Germany counts her tens of thousands of trained laboratory workers backed by tremendous financial, social, and governmental support, organized as only Germany can organize her most powerful cohorts, and entrenched behind an experience of a quarter century acquired before the rest of the world awoke to the vital need of systematic chemical research and industrial progress. To take her share in the promised land of creative chemistry America must mass an army of young, keen, and patient recruits behind her leaders in the science of chemistry. In every other nation the mustering of boys and girls for the promising career of chemistry is already well under way, all about their secondary schools, colleges, and universities. Shall our country fail, shall Yale fail to rally for this all-important call of chemistry?

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[Extract from article entitled "The four-year course in chemistry," by Arthur J. Hill, assistant professor of organic chemistry—Yale Alumni Weekly, April 29, 1921.]

This brief survey would be incomplete without some statement relative to the type of men it is hoped that this training will produce. The underlying purpose of the course is thoroughly to acquaint the student, through theory and practice, with the fundamental concepts of the important branches of chemistry without attempt at specialization. Thus equipped the student should be capable of entering the industrial or educational field or continue his scientific training in graduate schools of chemistry, where he may specialize in the field which makes the greatest appeal to him. There is a pressing need of men capable and well trained for undertaking original chemical work, and it is the purpose of the department to foster and stimulate in every student an aptitude for independent chemical thought, and to encourage those men showing especial promise to undertake graduate work which will prepare them for a professional career in some branch of chemistry.

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[Extract from article entitled "The course of industrial and engineering chemistry," by Harold Hibbert, associate professor of applied chemistry—Yale Alumni Weekly, April 29, 1921.]

The object of the four-year course in industrial and engineering chemistry recently organized in the Sheffield Scientific School is to give a student a broad training in chemistry accompanied by special instruction in such fundamental subjects as mathematics, physics, languages, machine design, kinematics, thermodynamics, power and electrical engineering, economics, and business finance. In the sophomore year the student of engineering chemistry will devote the greater part of his time to the study of physics, mathematics, languages, English, and drawing.

Commencing with the junior year, he will specialize more in chemistry, taking, in addition to the quantitative analysis, courses in physical and organic chemistry. During the same period considerable time will be devoted to special phases of mechanical engineering such as machine design, kinematics, thermodynamics, heat engines, etc., and he will still receive adequate instruction in English.

In the senior year the student's energies will be concentrated on the technical application of chemistry, the study of which will be much facilitated by the attention to be given during the same period to power and electrical engineering. The new course in chemical technology and the special courses in economics and business finance will, it is anticipated, serve to widen his outlook and to provide him with a well-balanced commercial judgment. A feature of this year's work is a two-hour period throughout the year which is devoted to seminar work in engineering chemistry.

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[Extract from article entitled "Chemical research in the graduate school," by Treat B. Johnson, professor of organic chemistry—Yale Alumni Weekly, April 29, 1921.]

Along what lines we may expect the most important developments in chemistry in the next 20 years is very difficult to predict, and it is probable that no two men would agree to-day in their answer to this question. It is also probable that any chemist would give you a different answer if this question were put to him at an interval of five years. Chemistry is a progressive and intensely practical science, and has never received so much attention and advanced so rapidly in this country as at the present time, as is evident from the recent literature and increased activity in industrial and scientific research organizations. In its relations to other sciences, however, it is agreed by all who have knowledge of the facts that chemistry will always occupy a fundamental position. The two branches which promise to contribute the most to our general welfare in the future are organic and general or physical chemistry.

Chemistry may be defined as a study of all properties and changes of matter depending on the nature of the substances concerned. Geology is the study of the chemistry of the earth. In biology we are dealing with chemical changes taking place in living organisms. Normal growth and the internal and external structures of plants and animals are all the result of a series of chemical changes. It is the use of the scientific method and the application of the principles of chemistry and physics that has brought about the vast development of medicine within the past century. In this field of research physiology, with the aid of chemistry, has undoubtedly contributed more of practical value than any other subject except bacteriology, with which it is closely linked. Engineering, which is the art of making structural properties of matter useful to man, has reached the plane of a science through a knowledge of the chemical and physical properties of iron, copper, concrete, organic products, etc., and other engineering materials used in construction. Chemistry, therefore, occupies a strategical position in our educational program, and the time has come not only for a more aggressive concern with the nature and ideals of our advanced courses of instruction in this subject but also for greater emphasis on our new opportunities for advancing our knowledge of this science and for applying its fundamental principles to the many problems of industry.

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The trend of therapeutics to-day is to limit the amount and number of drugs and supply hygienic and dietetic measures in the treatment of disease. It is undoubtedly true that the future discoveries in the field of biochemistry hold out promise of positive and far-reaching results of great benefit to mankind. It is through a concerted attack by chemists, physicists, biologists, and medical men that we may anticipate a final solution of such important problems in medicine as the cause of cancer, control of tuberculosis, cure of epilepsy, and relief of nutritional diseases.

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[Extract from article entitled "Scientific cooperation between chemists and bacteriologist," by Leo F. Rettger, professor of bacteriology—Yale Alumni Weekly, April 29, 1922.]

It must be apparent to everyone that for an ultimate solution of some of these problems the cooperation of investigators from different fields is necessary. Few, if any, scientists can become masters of more than one of these fields. The well-trained chemist may have acquired some of the principles of bacteriology, and may even be familiar with much of the ordinary technique of the bacteriological laboratory, but his chief interest is in the science of chemistry, and his grasp of problems, even chemical, which lie well within the domain of bacteriology must of necessity be limited. Conversely, the bacteriologist, even though he may have had thorough instruction in the various branches of chemistry, is far from being qualified to conduct researches in biochemical problems related to bacteria which demand the most extensive chemical training and experience on the part of the investigator. It can not be denied that for the successful prosecution of any fundamental research cooperation between different departments of branches of study is indeed necessary.

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[Extract from article entitled "Yale's pioneer chemist—Benjamin Silliman," by Edgar Fahs Smith, professor of chemistry in the University of Pennsylvania, and president of the American Chemical Society—Yale Alumni Weekly, May 12, 1922.]

The marvelous discoveries in chemistry during its entire history, but particularly during the recent decades, lead to the thought that training in this science should be a part of the business of every intelligent individual; further, that acquaintance with its achievements and epoch-making progress should extend to every class of men.

Medicine, through chemistry, will alleviate disease and suffering as never before. It is not alone in material comforts but in the things affecting life and health that chemistry has advanced by leaps and bounds. It brings riches, power, and uplift to nations giving it a real place among their activities.

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[Extracts from article entitled "The impressions of a European with respect to the status of chemical research in America," by Prof. Oskar Baudisch, research associate in biochemistry in the graduate school—Yale Alumni Weekly, May 12, 1922.]

Every educated American knows that organic and physiological chemistry have been cared for and developed during decades in other countries much more intensively than in America. I had never thought much about this matter in my early life until my interest was aroused somewhat recently by a professor of chemistry at an English university, who asked me shortly before my departure for America the following question: "Can you tell me why, from so many American universities, only a few first-class researches in organic chemistry are carried out?"

* * * * * * *

There are naturally young chemists with the true spirit of research in America also, but their idealism will never be so strong and reach so far as to induce them to work several years without pay, because the title of professor is not so brilliant a goal for them to reach as it is to the academician of the Old World. To see his name printed in a publication is indeed a certain incentive to scientific work, but even that is no consolation for depriving oneself of the comforts of life, especially if he is going to be looked upon as a freak at the same time.

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[Extracts from article entitled "Opportunities for the chemist in industry," by Herbert R. Moody, professor of chemistry in the College of the City of New York and chairman of Chemists' Club Employment Bureau, New York City—Yale Alumni Weekly, May 12, 1922.]

The research chemist solves the perplexities of hitches in the even tenor of production; he answers the complaints of consumers by the removal of conditions that give them rise; he introduces efficiency in manufacturing procedure by his ever constant study for its improvement; he finds new uses for old products, and by raising the commercial dignity of humble things he endows with value what formerly was worthless.

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The chemical engineer is a plant man of administrative capacity. He knows how to handle help, to maintain discipline, to develop loyalty, to reduce costs of production by the introduction of those conditions, whether of equipment, apparatus, or the disposition of labor, whereby the maximum output may carry the minimum burden of manufacturing cost.

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The demand for specially trained men is hard to fill. Students are advised to "major" along certain lines. It is with the greater difficulty that the bureau can find men to take positions involving working control of heavy acids, wood products, coke-oven by-products, textiles, dyes, rubber, soap, uncommon pharmaceuticals, perfumes, essential oils, storage and dry batteries, electrochemical products, hydrogen peroxide, etc.

[Extract from article entitled "The educational advantages of the national exposition of chemical industries," by Charles F. Roth, manager of National Exposition of Chemical Industries, New York City—Yale Alumni Weekly, May 12, 1922.]

In 1915 there were seven concerns making dyes in this country whose product amounted to about 7,000,000 pounds, having a value of $3,596,795. In 1920 there were 90 such concerns producing 88,263,778 pounds of dyes having a value of $95,613,749. The entire coal-tar chemical industry developed 183 concerns during this period whose products were valued at $135,482,100 in 1919.

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[Extract from article entitled "Petroleum research," by Carl O. Johns, director research division, development department, Standard Oil Co. of New York—Yale Alumni Weekly, May 12, 1922.]

Since the days of Silliman, petroleum research has lagged woefully behind the rapidly growing industry. The many technical problems arising in the refinery give the chemist but little opportunity for research of a fundamental nature. Most of our knowledge of the chemistry of petroleum is due to the efforts of German and Russian chemists and to a small scattered group in the United States, among whom is Prof. Charles F. Mabery, who for many years has devoted much of his time to the isolation of individual compounds from petroleum.

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[Article entitled "The chemist's part in the development of the cotton industry of the South," by David Wesson, technical director, the Southern Cotton Oil Co.—Yale Alumni Weekly, May 12, 1922.]

The average cotton crop of this country is normally about 12,000,000 bales of 500 pounds each. The fiber removes nothing from the soil, but in order to produce the fiber, which is attached to the seed, it is necessary to grow one ton of seed for every two bales of cotton. The seed, besides carrying 20 per cent of oil more or less, is rich in protein and carries considerable phosphoric acid and potash, which have to be replaced by fertilizer in some form. The demands of the cotton fields, together with discoveries of the large phosphate deposits of the South, have been responsible for building up the large fertilizer industry of that section of the country.

As late as 1875, most of the cotton seed was either composted for fertilizer or thrown away. Prior to 1860 laws were passed in some of the States imposing fines for throwing the seed into the watercourses. It was a nuisance, especially if left in piles until decomposition set in. About 1830 one or two small mills started up, and there were several in operation about 1860, but it was not until 1870 that the industry began to grow.

In 1879 the chemist appeared on the scene. He analyzed the seed and showed its value in oil and protein. He also analyzed the cake and meal, which were used for cattle food, and the ashes of the hulls, which were burned under the boilers in those days, and showed their value in phosphoric acid and potash for use in fertilizer. His chief work was in refining the oil and attempting to rationalize the rule-of-thumb method of adding caustic soda, which besides removing the impurities from the crude oil converted much of it into soap. The "foots," as the residue was called, was almost worthless, but methods were found to wash out the impurities with alkali and salt, and convert the fatty matter into a useful soap, suitable for laundry and scouring purposes and for use in washing powders.

Converting the dark red crude oil into a yellow oil was not sufficient greatly to extend its use. According to the quality of the crude, the yellow oil was sometimes sweet, sometimes rank in flavor, and attempts to utilize it for domestic purposes succeeded only in creating strong prejudices against cottonseed oil in general. The chemist found that filtering with fuller's earth removed most of the color, but left behind what is known as an earthy flavor. This put a limit on the use of the oil in any great quantities for food, though a great deal found its way into the soap kettle.

About 1893 it was found that by treating this oil with superheated steam most of the bad flavor was removed and the oil greatly improved for edible purposes. In 1899 the discovery of the Wesson process, which converted all kinds of cottonseed oil into a tasteless and odorless product, put cottonseed oil strictly into the edible class and removed it from the soap kettle. Cottonseed oil is now used mostly for salads and cooking and for the manufacture of vegetable shortenings. It is in the production of the latter that the chemist has shown his greatest skill.

About 1880 refined cottonseed oil was used in small quantities as an adulterant of lard. As refining methods improved as much as 40 per cent was used in the compound, to which beef stearin was added to offset the softening effect of the oil. About 1887 Congress started an investigation to find out why more lard was shipped from Chicago than could possibly be made from the hogs slaughtered there, and found the cause in the cottonseed oil used. The product was then branded "lard compound." When deodorizing was discovered in 1893 it became possible to leave out the hog lard and use only cottonseed oil and beef fat. The use of oil made by the Wesson process greatly improved the quality of the product and raised the standard. In 1910 the introduction of the hydrogenation process made it possible to eliminate beef fat, so the leading shortenings of to-day are strictly vegetable, and their popularity is so great they use up 70 per cent of the entire oil production.

In 1887 the first systematic chemical analysis of seed and mill products was started in Chicago. This laid the foundation of chemical control of the oil-mill business and saved the industry millions of dollars every year by increasing the efficiency of millwork. In the early days of the industry the products were sold on looks, smell, and taste. Now they are handled on chemical analysis. The cottonseed soap stock is now used for the distillation of fatty acids and the production of a special pitch largely used in the manufacture of paints and roofing.

As previously indicated, the cottonseed hulls used to be burned under the boilers of the oil mills. To-day it is the practice to remove from 2 to 10 per cent of short fiber from the seed before separating the hulls. The better qualities of fiber are used for batting, upholstery, etc., while the shorter fiber is being used in paper instead of rags. The cake and meal are very concentrated cattle food, and researches now being made seem to indicate that they may be developed into a valuable human food. During the crop year 1921–22, with only 8,000,000 instead of 12,000,000 bales, the seed added, at current price of $40 per ton, about $160,000,000 to the value of the cotton crop.

In the milling of the seed and the manufacture and selling of its various products employment is given to 20,000 workers and 5,000 officers and salaried employees. This development has been largely due to the activities of the chemist in supplying daily necessities from a waste product, and thereby adding to our national wealth and furnishing means of livelihood to thousands of people.

[Extract from article entitled "The future methods of manufacturing organic chemicals, by Dr. E. K. Strachan, chemical engineer, Buffalo, N. Y.—Yale Alumni Weekly, May 12, 1922.]

I imagine that the future industrial organic chemistry of America will depend on plant breeding and culture, bacterial action, catalysis, electrochemistry, and new chemical machinery. Those chemical processes afford promise of future greatness which are most conservative of power and material and labor. The most conspicuous of such processes are the life processes; it is they that are the most efficient. Why not grow our chemicals? Plant breeding has yielded a variety of corn rich in starch, also a variety rich in oil. The sugar beet, as everyone knows, was developed years ago to yield many times the amount of sugar that it did in its natural state. Plant breeding of indigo has recently improved natural indigo to a point where perhaps it will compete with manufactured indigo in shade and price. These performances are all tame compared to the achievements of Burbank. Organic chemistry needs a chemical Burbank.

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[Extract from article entitled "A message from a southern university," by J. R. Bailey, professor of organic chemistry, the University of Texas—Yale Alumni Weekly, May 12, 1922.]

There is no denying the fact that many of the important problems in medicine awaiting solution demand talent of extensive training in the fundamental sciences and require a technique in the methods of research such as only post-graduate work in pure science offers. Chemistry at Yale, in cooperation with physiological chemistry, pathology, bacteriology, and pharmacology can in many ways contribute to the alleviation of human suffering, but their greatest combined service lies in turning into medical research men qualified for such a difficult task. It is one of the higher duties calling the universities to real service to train to the highest point of efficiency scientists to enter the fight against the ravages of cancer, tuberculosis, and other malignant diseases that to-day baffle medical skill.

The VICE PRESIDENT. The question is on agreeing to section 321 as reported by the Committee on Finance.

Mr. KING. I ask for the yeas and nays, Mr. President.

The yeas and nays were ordered.

Mr. KING. A parliamentary inquiry. A vote "yea" is a vote for the embargo?

The VICE PRESIDENT. A vote "yea" would be for the section reported by the Committee on Finance, the question being on agreeing to the amendment to insert section 321.

The Assistant Secretary proceeded to call the roll.

Mr. EDGE (when his name was called). I transfer my general pair with the senior Senator from Oklahoma [Mr. OWEN] to the junior Senator from Vermont [Mr. PAGE] and vote "yea."

Mr. HARRISON (when his name was called). I transfer my general pair with the junior Senator from West Virginia [Mr. ELKINS] to the senior Senator from Missouri [Mr. REED] and vote "nay."

Mr. MOSES (when his name was called). I have a general pair with the junior Senator from Louisiana [Mr. BROUSSARD]. He being absent, I transfer that pair to the senior Senator from Wisconsin [Mr. LA FOLLETTE] and vote "nay."

Mr. NEW (when his name was called). I transfer my pair with the senior Senator from Tennessee [Mr. MCKELLAR] to the junior Senator from Michigan [Mr. NEWBERRY] and vote "yea."

Mr. ROBINSON (when his name was called). I have a pair with the senior Senator from West Virginia [Mr. SUTHERLAND], which I transfer to the senior Senator from Nebraska [Mr. HITCHCOCK], and vote "nay."

Mr. SHIELDS (when his name was called). I transfer my pair on this question from the junior Senator from Missouri [Mr. SPENCER] to the Senator from Montana [Mr. MYERS], and vote "nay."

Mr. SMITH (when his name was called). On this vote I have a pair with the Senator from New York [Mr. WADSWORTH]. I transfer that pair to the Senator from Nevada [Mr. PITTMAN], and vote "nay."

Mr. TRAMMELL (when his name was called). I transfer my pair with the senior Senator from Rhode Island [Mr. COLT] to the junior Senator from Rhode Island [Mr. GERRY], and vote "nay."

Mr. WATSON of Indiana (when his name was called). I transfer my pair with the Senator from Mississippi [Mr. WILLIAMS] to the senior Senator from Pennsylvania [Mr. CROW], and vote "yea."

The roll call was concluded.

Mr. SIMMONS. I wish to announce that if the Senator from Missouri [Mr. REED] were present he would vote "nay."

Mr. FERNALD. I transfer my pair with the senior Senator from New Mexico [Mr. JONES] to the Senator from Maryland [Mr. WELLER], and vote "yea."

Mr. MCNARY. My colleague [Mr. STANFIELD] is temporarily absent from the city. He is paired on this vote with the junior Senator from Washington [Mr. POINDEXTER]. If my colleague were present he would vote "yea," and the Senator from Washington would vote "nay."

Mr. CAMERON. I have a pair with the junior Senator from Georgia [Mr. WATSON], and, being unable to secure a transfer,

I am compelled to withhold my vote. If permitted to vote, I should vote "yea."

Mr. HARRIS. My colleague [Mr. WATSON of Georgia] is absent on account of illness. If present, he would vote "nay."

Mr. CURTIS. I wish to announce that the Senator from Vermont [Mr. DILLINGHAM] is paired with the Senator from Virginia [Mr. GLASS].

The result was announced—yeas 32, nays 38, as follows:

YEAS—32.

Ball	Fernald	Lodge	Phipps
Brandegee	France	McCumber	Rawson
Bursum	Frelinghuysen	McKinley	Shortridge
Calder	Gooding	McLean	Sterling
Curtis	Hale	McNary	Townsend
du Pont	Jones, Wash.	New	Warren
Edge	Ladd	Oddie	Watson, Ind.
Ernst	Lenroot	Pepper	Willis

NAYS—38.

Ashurst	Harrison	Nicholson	Smith
Borah	Heflin	Norbeck	Smoot
Capper	Johnson	Norris	Stanley
Caraway	Kellogg	Overman	Swanson
Culberson	Kendrick	Pomerene	Trammell
Cummins	Keyes	Ransdell	Underwood
Dial	King	Robinson	Walsh, Mass.
Fletcher	McCormick	Sheppard	Walsh, Mont.
Harreld	Moses	Shields	
Harris	Nelson	Simmons	

NOT VOTING—26.

Broussard	Glass	Owen	Sutherland
Cameron	Hitchcock	Page	Wadsworth
Colt	Jones, N. Mex.	Pittman	Watson, Ga.
Crow	La Follette	Poindexter	Weller
Dillingham	McKellar	Reed	Williams
Elkins	Myers	Spencer	
Gerry	Newberry	Stanfield	

So the amendment of the committee was rejected.

Mr. McCUMBER. Mr. President, to conform other sections of the bill to the action of the Senate, I move that the Senate reject paragraph (d) on page 275, down to paragraph (e) on page 276. That is the paragraph providing for the additional year.

The VICE PRESIDENT. The amendment will be stated.

The ASSISTANT SECRETARY. The committee proposed to insert on page 275 a subdivision, (d), beginning with line 11 on page 275, down to and including line 6 on page 276.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

The amendment was rejected.

Mr. LENROOT. Mr. President, before the vote was taken I intended to ask to have placed in the RECORD a letter from the president of the Newport Chemical Works, which has a large dye plant in Wisconsin, involving an investment of upward, I think, of $6,000,000. Before arriving at my conclusion as to how I should vote upon this question, I was anxious to know whether that company was in any way connected with any other company and as to the existence of any monopoly within the United States. I have this letter from the president of the company, denying any connection whatever with any other company; and I ask unanimous consent to have it printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter is as follows:

NEWPORT CHEMICAL WORKS (INC.),
Passaic, N. J., June 6, 1922.

Hon. IRVING L. LENROOT,
United States Senate, Washington, D. C.

DEAR SENATOR LENROOT: I am writing this letter in confirmation of my verbal advice to you Saturday that neither the Newport Co. nor the Newport Chemical Works has the slightest connection in any way, shape, or manner with any other dyestuff or dyestuff intermediate manufacturing concern.

As I explained to you, the recent newspaper reports of the transfer of the holdings of some of the Schlesinger heirs has not effected an alliance with any other chemical manufacturing concern but was simply an exchange of ownership of some of the stock in the company, which has not affected the direction of the company's affairs in any way.

If there is any additional or more specific information you desire in connection with any of our operations I shall be glad to furnish it.

So far as any charges of there being a monopoly in the organic chemical industry in this country are concerned, they are utterly unfounded. Competition is very keen among all manufacturers.

Yours respectfully,

C. N. TURNER, *President.*

Mr. McCUMBER. Mr. President, I now desire to return to paragraph 902, on page 122.

The VICE PRESIDENT. The amendment will be stated.

The ASSISTANT SECRETARY. On page 122, paragraph 902, cotton and sewing thread, on line 6 the committee proposes to strike out the word "thread" and to insert the same word with a comma and the following words:

One-half of 1 cent per hundred yards.

Mr. SHORTRIDGE. Mr. President, I had intended to make a few remarks in regard to the item which has just been disposed of. There has been so much misstatement of facts, so many feeble attempts at sarcasm and irony and epigrammatic expression, there has been so much distortion of the facts in relation to this American industry that later during the session, when the bill comes before the Senate, if for no other reason than to spread the facts upon the record, I propose under the rules, and I hope in proper fashion, to lay something before the Senate in respect of matters which are of great importance to the American people. I propose to lay before the Senate sworn testimony of honorable, patriotic American citizens in respect of the question of a trust in this industry, and I propose to lay before the Senate and the country sworn testimony as to each and every step taken by the various companies or organizations or foundations which have been referred to during the discussion which has gone on here during the last day or two.

I say this not in anger; I say it with regret, because I feel that certain Senators who have voted upon this proposition have not been and are not fully advised. I am persuaded they have not had opportunity to ascertain the facts, which should be known. Perhaps I myself am somewhat to blame. As Senators will recall, there was a committee appointed to investigate this matter. That committee was charged with the duty of inquiring, first, whether there was or is a monopoly in the dye or chemical industry in America; second, of inquiring into the activities, legal or illegal, of anyone interested in that supposed or alleged monopoly; third, of inquiring as to the activities, legal or illegal, of any resident or foreign person interested in a monopoly or in bringing about special legislation in aid of any monopoly or any private interest, and generally to investigate the dye and chemical industries of the United States, with a view of recommending legislation. That committee took a great deal of testimony, and I wish to advise Senators now that there was not one witness—not one—who testified that there was or is anything approaching a monopoly in this industry. Upon the contrary, each and every witness, though differing, it may be, upon other matters, testified that there was active, and, as they termed it, cut-throat competition.

Mr. FLETCHER. Mr. President, may I inquire of the Senator whether the committee has ever reported that testimony, or made any formal report of its findings?

Mr. SHORTRIDGE. I answer categorically, no. The testimony is being printed and will be in the hands of Senators within a few days, possibly by Monday.

Mr. FLETCHER. I asked because I had never seen a report, and did not know what the fact was in that regard.

Mr. SHORTRIDGE. It was my intention to make some remarks on the subject matter, remarks somewhat in the nature of an oral report, a written one, hereafter to be submitted, but I deferred to the suggestion of others. I have now troubled you too much. I rose merely to say that in the interest of the facts the work of the committee should be made very clearly known to the Senate; and even at the expense of time, if others do not do so, I shall ask the indulgence of the Senate to submit something in the nature of a report, supported by a considerable portion of the sworn testimony that was taken by this committee. Senators are aware of the law, I assume, that witnesses appearing before a congressional committee are granted certain immunities, certain privileges; and out of abundance of caution these several witnesses were specifically asked to waive any privilege or any immunity which the statute gave, and to be sworn to testify. They severally waived any immunity or privilege which the statute gives, were sworn, and testified. They were open to direct and to cross examination, all of which will be made to appear very fully later on.

Mr. FRELINGHUYSEN. Mr. President, although I know it is not necessary to give notice, I feel at this time that it might be proper for me to state that I shall offer these amendments in the Senate, feeling that when some Senators who have opposed the embargo realize the effect that it will have not only on the industry but also upon our policy of national preparedness, they may change their viewpoint. I therefore give notice that the two amendments which have been voted down to-day will be reoffered in the Senate.

Mr. KING. Mr. President, I am not surprised at the action of the able Senator from New Jersey [Mr. FRELINGHUYSEN] in signifying his intention to again present the question of an embargo upon dyes, medicines, chemicals, and other products to the Senate, but I venture to assert that no greater success will attend his efforts than he has met with to-day. I believe that as Senators study the questions involved, the more satisfied they will be with the action just taken by the Senate upon this subject. I also am firmly convinced that the more the public become acquainted with the vice and evils of the proposed embargo, the greater will be their opposition to it, and the

greater will be their satisfaction at the refusal of the House to grant an embargo, and the position just taken by this body.

The junior Senator from California [Mr. SHORTRIDGE] has just indulged in criticism of those who have opposed the embargo. Of course, I can not state with accuracy who are included within the circle of his condemnation, but I presume he particularly referred to the Senator from New Hampshire [Mr. MOSES] and to myself, because we are the only two who have spoken against the embargo proposal since it was presented for consideration yesterday morning. If I understood the Senator from California, he entertains the view that the presentation made by the Senator from New Hampshire and myself, if not others, was inaccurate.

Let me say to the Senator from California that in my opinion the junior Senator from New Hampshire can support the statements which he made, and I shall be ready at all times to vindicate the position which I have taken in respect to this measure and to offer competent evidence in support of the facts submitted.

The Senator may take such position as he pleases regarding the matter and may make such observations as he feels impelled. I am familiar with the questions involved in the dye embargo, and know the facts concerning the organizations which have sought legislation and particularly have endeavored to procure an embargo not only upon dyes but upon medicines, pharmaceuticals, drugs, and various chemical products. I have no doubt as to the correctness of the position which the Senator from New Hampshire has taken, and I am entirely satisfied with my opposition to what I regard as an un-American and as a very improper and unwise policy.

The question of whether there is a Dye Trust is important, but it is not the paramount or the controlling question presented in the proposal to establish an embargo not only upon dyes but upon all synthetic organic chemicals. Of course, the Senator from California is entitled to his views, and I have no quarrel with him because of his opinions, political, economical, or otherwise. He may believe, from what investigation he has made, that there is no monopoly or that an embargo is a proper thing.

I, upon the other hand, believe, after careful investigation, that through the Dyes Institute and other organizations, as well as the activities of various domestic dye corporations producing dyes, medicinal, pharmaceutical, and other products, that there is a monopoly, or at least such monopolistic control of the dye industry as to constitute a monopoly in fact. Undoubtedly various organizations, such as the Dyes Institute, the Chemical Foundation, the Textile Alliance, and other organizations and associations, including the domestic dye manufacturers, have united and confederated together and have mobilized all possible forces to secure the enactment of an embargo law. Hundreds of thousands of dollars have been expended in an extensive propaganda to put over this embargo scheme, and no forces or interests seeking legislation have ever been so persistent and determined as those back of this embargo measure.

The Senator from California advises us that he will tell us what the facts are in regard to the dye industry and all cognate questions. We shall, of course, be delighted to hear him and will welcome any facts not brought to the attention of the Senate. May I add in conclusion that other Senators will undoubtedly, when the Senator has concluded, seek opportunity to present facts, not fancies, to the Senate. I think, however, that the vote just taken discloses that a majority of the Senate are familiar with the facts and need no further enlightenment.

Mr. SHORTRIDGE. Mr. President, I will state the facts from the sworn evidence. I will not rely upon rumor; I will not draw upon my imagination. I will confine myself to the sworn testimony of men presumed to speak the truth, and as to whose character or general reputation nothing truthful can be said impeaching. The testimony was very elaborate. It may be that the smiling Senator from Utah read it, and, reading it, understood it. I shall not rely upon my statement of facts but upon sworn evidence. There I let the matter rest.

Mr. SIMMONS. Mr. President, I rise for the purpose of reading a very short letter. I am going to read this letter because I have contended, with respect to the pending measure, as have those who agree with me, that the effect of these tariff rates, if they should be adopted, would be to increase the prices of the products upon which they are imposed, thereby increasing the cost of living.

Every day we are getting information which corroborates that prediction, and I have a letter from a large concern in my own State this morning with reference to plate glass, which I want to put into the RECORD. This letter is from the secretary-treasurer of the National Furniture Co., of Mount Airy, N. C., manufacturers of furniture. It is dated July 12, 1922, and reads:

NATIONAL FURNITURE CO.,
Mount Airy, N. C., July 12, 1922.

Hon. F. M. SIMMONS,
Washington, D. C.

MY DEAR SENATOR: I thought best to write you and give you some information and experience we are having to-day in the way of buying glass. The plate-glass people have advanced their product to such an extent that it has amounted to 10 to 15 cents on the foot. This is an unreasonable advance, and they will not sell a piece of glass to-day or take an order for it, except subject to prices prevailing at date of shipment. They claim that the demand and scarcity of glass and the cost forces the price up. Still there are several glass plants closed down now.

We have been informed by good authority that their whole demand on prices is the cost of freight and raw material. Now, the freight has been reduced, and nothing they use in manufacturing plate glass has advanced. Their labor has been cut. Still they have advanced their prices. We are of the opinion that the man who pays the highest price for glass to-day gets it.

We do not believe there is any justice in protecting these people with this high tariff and letting them control prices and impose on the people of our country. Glass is getting to such a price that it will be almost impossible for furniture dealers to use it, but they are forced to use it, and it is still going up. We do believe the Government should go to these plate-glass people, investigate them, and see how they are imposing on the people.

We are aware that you will have a hard time fighting this tariff. However, we believe you are in position to show the facts to the Government and expose these plate-glass people. We wish you could give us some information and protect the people of our country on the high price of glass.

Thanking you in advance for your kindness in this matter, we are,
Yours truly,

NATIONAL FURNITURE CO.,
A. E. SMITH, *Secretary and Treasurer.*

Mr. SMOOT. Mr. President, I ask unanimous consent that when the Senate recess to-day it shall recess until 11 o'clock on Monday.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. SMITH. Mr. President, the paragraph now under consideration is that pertaining to cotton sewing thread. The Senate committee proposes an amendment in reference to cotton sewing thread, to make the duty one-half of 1 cent per 100 yards. They make a distinction between the sewing thread and the crochet, darning, embroidery, and knitting cotton.

I am quite sure that in arranging these schedules the Senate desires to be informed definitely as to just what their effect will be upon the public generally. The effect of this amendment proposed by the Senate committee will be to exactly double the duty now imposed. The present rate of duty is 15 per cent. Under the compensatory duty provided for by virtue of the adoption of the amendment putting a duty of 7 cents a pound on Arizona cotton about 5 per cent will be added. That, added to the proposed rate, will make it, as worked out by the tariff experts, about 30 per cent, or just about double the present rate.

Mr. President, I want to submit some facts, not gathered from this country alone but from abroad as well, because all are aware that the manufacturers of this cotton sewing thread have their plants in the Old World and the new, and in reference to this particular article I have an extract from the Textile Mercury, of Manchester, England, dated November 13, 1920. The article is headed "Trusts and combines," and the subject discussed is "The future trend of industry." I quote now from this article:

Mr. Robert Donald, formerly editor of the Daily Chronicle and now managing director of the Yorkshire Observer and other papers, gave a lecture before the Bradford Textile Society on Monday, November 8, on the subject of "Trusts and Combines." Mr. Ward Parkinson presided.

Mr. Donald said this was a subject which he had studied for more than 30 years. The movement toward trusts and combines in England had received a great impetus during and since the war. We were at present living in a phase of industrial evolution which led to big businesses and combines and the creation of self-contained firms. He thought the next step would be some kind of State control for the limitation of the profits of trusts and combines and the protection of consumers.

SEWING COTTON.

After reviewing the causes which led to the formation of combines and citing among them the menace of nationalization, guild socialism, and syndicalism, Mr. Donald reviewed briefly various types of combines, taking as his text the reports of the Government standing committee on trusts. With regard to sewing cotton, he said Coats now controlled an international trust which gave the parent company a profit of £4,000,000 a year after paying income tax and excess-profit duty. Exclusive of investments unconnected with the general business, it earned a net return of 17½ per cent on its capital. Over 80 per cent of its trade was for export, and from the evidence given before the committee one might be led to suppose that it carried on a semiphilanthropic business in this country. There was no means of testing the company's claim to generosity in this respect, because it did not allow competitors to get a chance to show what they could do. Coats defied tariffs by getting behind them. The reel of cotton encircled the globe. The only way to break down such a monopoly would be for several of the large drapers to become their own manufacturers. There were many big combines of

drapers in the country, and they were the people who could fight a trust like this by manufacturing for themselves. Although Coats's profit on the capital was 17½ per cent, it was actually 40 per cent when account was taken of the capitalization of reserve, and so on.

Mr. POMERENE. The article the Senator has just read refers to the "parent company." Does that mean the parent company in the United States or the parent company in Great Britain?

Mr. SMITH. The parent company in Great Britain. It has its subsidiaries in this country.

I now read a short article from the Journal of Commerce:

[From the Journal of Commerce.]

POINTED QUESTION ASKED ABOUT PRICE OF THREAD—HUGE MILL PROFITS AFTER PAYMENT OF HEAVY TAXES.

In the House of Commons recently it was stated by Mr. McCurdy, "We mean to find out why a reel of cotton costs 7½d." Apropos of this text, the London Chronicle publishes the following concerning recent showings:

"Housewives all over the country will learn with interest that J. & P. Coats, the huge Paisley cotton and thread manufacturers, have disclosed the fact that in their last year's trading they made a profit of close upon £4,000,000.

"This profit was made after paying excess profits duty, which probably runs into hundreds of thousands of pounds.

"The following table shows the profits earned and dividends paid during the past three years and those for the last complete year before the war:

Years.	Profit.	Dividend.
		Per cent.
1918–19	£3,399,400	40
1917–18	3,171,800	30
1916–17	3,360,950	30
1913–14	2,634,400	30

"In addition to providing for dividends, the directors propose to place £750,000 to war contingencies fund, £150,000 to marine and fire underwriting account, and £250,000 to pensions fund to form the basis of an enlarged scheme for workers. Even then there is only a slight reduction in the large carry forward at £2,299,400.

"Apart from this carry forward and the pension fund, J. & P. Coats now have various reserves amounting to over eleven millions sterling. A portion of this sum is to be capitalized and it is generally expected in the city that holders of ordinary shares will get a 100 per cent share bonus."

So much for the J. & P. Coats Co. In our own country, from the American Wool and Cotton Reporter, Boston, New York, and Philadelphia, February 16, 1922, we find the following very enlightening facts in regard to this poor, struggling industry, which needs a doubling of duty to 30 per cent. I want to read something about what they made under the Payne-Aldrich rates and under the Underwood-Simmons rates, none of which were as high as the proposed amendment offered by the Senate committee. I quote now from the American Wool and Cotton Reporter. I want to put into the RECORD a brief statement with reference to the American Thread Co. and what they did on a capital stock of $6,000,000. They were incorporated March 10, 1898, in New Jersey, combining previously independent thread plants located at Fall River and Westerly, R. I., and Willimantic and Glasgo, Conn. The plants just mentioned are now in operation. The others taken over were abandoned. I shall have incorporated in the RECORD without reading the names of all that were taken over and incorporated in this way with a capital stock of $6,000,000.

These are the earnings made by this company on an investment of $6,000,000. I will state in passing that in 1920 they enlarged their capital stock to $12,000,000, but the figures I am quoting are upon their investment of $6,000,000. Income record covering nine years, beginning with 1920—I wish there were more Senators present to hear these facts as I state them.

Mr. STANLEY. Mr. President, I regard this statement as very important. I wish the Senator would yield to me to suggest the absence of a quorum.

Mr. SMITH. Oh, no; I do not think it is necessary. The statement will go into the RECORD. My observation is that when a Senator suggests the absence of a quorum it simply takes time, because Senators come in and answer to their names and vanish.

Senators will bear in mind that these are profits based on a capital investment of $6,000,000.

For 1920 the profits were $4,587,282; dividends, $1,594,524; reserves, $2,100,000.

For 1919 profits were $3,024,478. I am just going to read the profits and will have the figures complete inserted in the RECORD.

Mr. SMOOT. Mr. President, has the Senator the profits for 1921?

Mr. SMITH. No.

Mr. SMOOT. There would be quite a difference shown.

Mr. SMITH. I do not think they needed any profits in 1921. I do not think they will ever need any more profits. I think they could make sewing thread for the balance of the natural life of the world and live on the profits they have already made. Just listen to this:

Profits in 1919, $3,024,478; 1918, $5,008,823; 11 months in 1917—I do not know why they put that, but I am reading from the record—$2,169,000; profits in 1916, $2,311,593; in 1915, $1,531,377; in 1914, $2,086,115; in 1913, $1,683,463; in 1912, $1,366,775—and all this upon an invested capital of $6,000,000. The aggregate is startling. No wonder that they propose to enlarge their business by investing another $6,000,000 in the business out of profits and then mulct the people who have to buy thread with a profit upon the profits.

After having read the article that I have emanating from a foreign source, showing what the J. & P. Coats people have made, I want to finish the comparison by turning to our own American concerns, where we find that in the way of profits and in the way of tremendous reserves and dividends they duplicate their English associates. Against whom do we propose to protect ourselves? They are entrenched in Europe and entrenched in America. As the letter said which I just read, they are an international trust. When you put your tariff on, against whom are you protecting yourselves? There are no competitors; they are all practically in one combination. Raise your tariff or lower your tariff, they dictate the price to the world. As the article said which I read from the Manchester Mercury, we do not know what would be the result if we had any competition, but we have no competition.

Now I want to read from the same publication as to the J. & P. Coats people. I am quoting now from the same American authority in reference to the J. & P. Coats people, as follows:

The thread firm of J. & P. Coats (Ltd.), of England, has announced that its profits for the year ending June 30, 1919, amounted to $18,976,372, compared with $15,435,540 in the previous financial year and $12,820,249 in 1913–14. The dividend now announced is 40 per cent, against 30 per cent in the two periods mentioned. During the war a contingency fund has been formed aggregating $13,382,875, including $3,649,875 added this year, while $1,216,650 has been set aside as a basis for an enlarged pension scheme. In June, 1914, the undivided profits carried forward amounted to $4,946,763; this has now been increased to $11,189,972.

* * * * * * *

I want to have this entire matter placed in the RECORD in connection with my remarks, if I may have permission.

The VICE PRESIDENT. Without objection, permission is granted.

The matter referred to is as follows:

American Thread Co.: Incorporated March 10, 1898, in New Jersey, combining previously independent thread and yarn plants located at Fall River, Mass.; Holyoke, Mass.; Westerly, R. I.; Willimantic and Glasgo, Conn. The above plants are now in operation. Others taken over were abandoned.

New York, N. Y. Robert C. Kerr, president; F. E. Kaley, E. Martin Philippi, Charles E. Barlow, vice presidents; J. G. Wylie, treasurer and secretary; A. L. Zimmerman, comptroller.

Directors: Charles E. Barlow, Frank E. Kaley, Robert C. Kerr, E. Martin Philippi.

Mills as follows: Glasgo Mills, Glasgo, Conn.; Willimantic Mills, Willimantic, Conn.; Kerr Mills, Fall River, Mass.; Hadley Mills, Holyoke, Mass.; Merrick Mills, Holyoke, Mass.; William Clark Mills, Westerly, R. I. Selling agents: The Thread Agency and The Yarn Agency, 260 West Broadway, N. Y.; Albany Building, Boston; 1015 Filbert Street, Philadelphia; 600 West Jackson Boulevard, Chicago; 1718 Washington Avenue, St. Louis; 57 Sansome Street, San Francisco.

Coats, J. & P. (Ltd.), of England, registered as a limited corporation in England, August 6, 1890, acquiring the cotton-thread business of a company of the same name at Paisley, Scotland; Pawtucket, R. I., and other manufacturing and selling establishments throughout the world. The title to the plant at Pawtucket is held by the Conant Thread Co., a Rhode Island corporation. In July, 1896, control was acquired of Clark & Co., with plants in Newark, N. J.; Jonas Brooks Bros.; and James Chadwick & Bros. These acquired concerns had plants in this country and in Great Britain. J. & P. Coats (Ltd.) were in control of the so-called Thread Trust, dominating the thread business of the world. By a legal decision in 1914 this company was required to dispose of, before January 1, 1915, any interest it held in the American Thread Co. and the English Sewing Cotton Co.

Capital stock, £2,500,000 cumulative preferred shares of £10 each, entitled to 6 per cent dividends, payable semiannually, December 31 and June 30; £3,000,000 preferred ordinary stock entitled to non-cumulative dividends of 20 per cent per annum, payable quarterly, December 31, etc.; £4,500,000 ordinary or common share of £1 each. Dividends on the preferred shares have been paid since issued and on the common share in recent years at the rate of 20 per cent in 1901 through 1905; 1906, 20 per cent and 5 per cent extra; 1907, 20 per cent and 10 per cent extra; 1908, 30 per cent; 1909 through 1913, 30 per cent annually, with 5 per cent extra each year.

Dividends in 1914, on the preferred stock, 6 per cent; on the preferred ordinary stock, 20 per cent; on the ordinary, 30 per cent, with a bonus of 5 per cent extra on the ordinary shares in 1914.

Mr. SMITH. Further on in the article, and I wish to call particular attention to this, it is said:

It is now proposed to capitalize further reserves and to increase the capital of the company to $98,546,600 by means of issuing to ordinary shareholders 4,500,000 ordinary share of $4.86 each.

I think I have read enough and stated enough to convince the people who buy thread, the women who have to purchase at

the stores, and the clothiers of the country, the ordinary work-aday people, dependent in civilization on cotton sewing thread, the millions and millions of people from the lowest to the highest who are compelled to use this article.

We are proposing here to increase their 40 per cent dividends, to increase their startling surplus and profits, by doubling the tariff and giving them an excuse to cut down the number of yards on a spool and increase the price on the decreased amount of thread.

Mr. POMERENE. Mr. President, as I understand, under the present law the duty is 15 per cent ad valorem.

Mr. SMITH. Yes.

Mr. POMERENE. That has been increased under the pending bill so that, according to the schedule I have here, the minimum duty is 25 per cent and the maximum 45 per cent.

Mr. SMITH. Precisely, and when we take into consideration that under the compensatory duty which will be necessary, by virtue of the fact that we put 7 cents a pound on the long-staple cotton—and this thread is made from the long-staple cotton—there will be added 5 per cent to that, making it 30 per cent minimum and 50 per cent maximum.

Mr. SMOOT. Mr. President, I want to say to the Senator from Ohio that I intend to offer an amendment to reduce 25 per cent to 20, and that will mean simply an increase of 5 per cent above the present rate. Of course, no Senator is going to say that they are going to impose a duty of 7 cents a pound on long-staple cotton, with all of this yarn made out of it, and not give them a compensatory duty. The increase that will be made over existing law will be 5 per cent and the specific rates named will not reach the 20 per cent.

Mr. SIMMONS. Is that an illustration of about how much the 7 per cent duty on Egyptian cotton is going to result in increasing the rates on manufactured cotton?

Mr. SMOOT. I do not know to what the Senator is referring.

Mr. SIMMONS. I understood the Senator to say that he was going to move to add a certain amount as a compensatory duty on account of the duty imposed on raw Egyptian cotton.

Mr. SMOOT. Yes; it will be 10 cents a pound on finished cloth.

Mr. SIMMONS. The Senator is proposing to make that increase on this particular item as a compensatory duty; and I am asking the Senator if that is a fair illustration of the increases that will have to be made throughout the cotton schedule by reason of the imposition of a duty of 7 cents a pound on Egyptian cotton?

Mr. SMOOT. There is no doubt of it. On the manufactured articles it is proposed that there shall be a compensatory duty of 10 cents a pound, and it is required. If the Senator wishes me to figure it out, I can tell him just how it will apply.

Mr. SIMMONS. I do not wish the Senator to figure it out. I was simply asking for information whether this was representative of the increases that would have to be made in the rates on cotton goods, cloths, threads, yarns, and things of that sort by reason of the duty that is imposed on raw Egyptian cotton.

Mr. STANLEY. Mr. President——

Mr. POMERENE. Mr. President, if the Senator from Kentucky will permit me, while the Senator from Utah is on his feet, I merely wish to ask another question.

Mr. SMITH. I yield to the Senator from Ohio for that purpose.

Mr. POMERENE. This schedule indicates that there is a minimum duty of 25 per cent and a maximum of 45 per cent. The Senator from Utah has stated that he expected to move to reduce the 25 per cent rate to 20 per cent. What reduction will he propose, if any, in the maximum rate of 45 per cent?

Mr. SMOOT. My proposed amendment will reduce it to 35 per cent.

Mr. POMERENE. The Senator did not state that.

Mr. SMOOT. I want to say that naturally the manufacturers would like to have it without any maximum at all; they would like to have no limit; but supposing thread should fall in price to what it was, we will say, in 1906 and 1907, then the specific duties would apply, and the equivalent ad valorem would amount, as it did in 1910, to 43 per cent.

Mr. POMERENE. I have not analyzed that at all.

Mr. SMOOT. The maximum is a limitation. On these articles in 1910 the equivalent ad valorem was 43 per cent under the Payne-Aldrich law, but I do not want it to ever go above 35 per cent for the future.

Mr. POMERENE. The duty, then, was specific duty?

Mr. SMOOT. Yes.

Mr. POMERENE. And in terms of present-day prices, it would mean an ad valorem of 43 per cent?

Mr. SMOOT. It was 43 per cent on the prices of that date, but not on the prices of to-day.

Mr. POMERENE. What would it be on the prices of to-day?

Mr. SMOOT. That I should have to figure out, and it would take some little time to do that.

Mr. POMERENE. I am not asking the Senator to do that now.

Mr. SMOOT. But the maximum rate is imposed, so that if the prices should go down to the same point as in 1910 the rate shall not exceed 35 per cent. Unless a stop is provided, or a maximum, they would go above 35 per cent, and in no case does the committee want them to go above 35 per cent. I have called attention to the fact that in 1910 the equivalent ad valorem was 43 per cent.

Mr. SIMMONS. Mr. President, under the Payne-Aldrich Act the duty was a half cent a yard specific, with a minimum of 20 per cent.

Mr. SMOOT. But there was no maximum.

Mr. SIMMONS. Of course there was not.

Mr. SMOOT. And the equivalent ad valorem went to 43 per cent.

Mr. SIMMONS. The point that I want to make is that the actual duty collected amounted to 26.3 per cent. We start out now with 25 per cent, for even when the duty is reduced to 20 per cent the compensatory duty of 5 per cent makes it 25 per cent. Then, if the maximum is fixed at 30 per cent the compensatory duty of 5 per cent added would make it 35 per cent, so that the present rate of duty under which these ungodly and enormous profits have been made is more than doubled.

Mr. SMOOT. The Senator certainly is mistaken. The Senator will admit—I think he must admit—that the specific duties will not take effect, but the minimum of 20 per cent will be in effect in every case; there is no question about that. To-day the rates are 15 per cent, so that the committee proposal represents an increase of 5 per cent. About the only reason why I wish to insert the amendment providing a maximum of 35 per cent is this: If the conditions in the industry should be such that the prices of cotton thread should decline to the point they reached in 1910, 35 per cent is all they shall ever get instead of 43 per cent, as was the case in 1910.

The Senator referred to 26 per cent, but that was on skeins and tubes and combs.

Mr. SMITH. No.

Mr. SMOOT. If the Senator will look again closely—I do not know who prepared his tables for him—he will find that what I have stated is the fact.

Mr. STANLEY. Mr. President——

Mr. SMITH. I yield.

Mr. STANLEY. The Senator from South Carolina has very justly expressed regret that there is not greater interest in so vital a matter as an increase in the cost of sewing thread to the sewing women, to say nothing of the factories and mills of the country. The woman who is compelled to earn her livelihood with her needle has commanded the commiseration of mankind since Hood pictured her—

> In poverty, hunger, and dirt,
> Sewing at once with a double thread a shroud as well as a shirt.

That woman still sits in unwomanly rags, in poverty, hunger, and dirt, but these money-mad grabbers in the Imperial Valley after Federal plunder can not see her; they can not see her behind the Roosevelt Dam, and they can not see her in the cotton mills of Coats & Co.

The Senator from South Carolina is perhaps the best-informed man on all that pertains to cotton in or out of the Senate, and his contribution to the subject, vital and practical, is supported by his learning and his wealth of statistical information. I can assure him that if the Senate is indifferent the country is not, the sewing women are not, the press is not, the conscience and the intelligence of the American people are not indifferent to the fight which he is so gallantly making.

Think of it, Mr. President. It is proposed to impose a duty of 7 cents a pound upon long-staple cotton produced in one county in Arizona and in a little spot in southern California. One thousand six hundred and fifty bales of the long-staple cotton of American production is all that it utilized for thread purposes, while there are 40,938 bales of Egyptian imported cotton used for the same purpose; in other words, every time we give to the Salt River planter or the Imperial Valley planter 7 cents a pound on a bale of cotton we take 40 times 7 cents from the thread users of the United States.

Well may the New York World characterize such legislation as "piling up the abominations." I send to the Secretary's desk a short editorial from the New York World on this very subject, which I ask unanimous consent may be read.

The VICE PRESIDENT. Without objection, the Secretary will read as requested.

The Assistant Secretary read as follows:

PILING UP THE ABOMINATIONS.

Southwestward the course of tariff gouge and bunco takes its way on long-staple cotton. The sea islands of the Middle South used to hold, or try to hold, this place at the tariff swill trough, and Democrats from that region in Congress were not lacking who would sell their political birthright for this mess of pottage. But now the larger growth of the staple, minutely small against the bulk of American cotton production, which no tariff can possibly protect, has passed to Arizona and southern California, whose Senators of either party are showing greater power to jam their way into this line of porkers.

They have failed to get a duty of 15 or 10 cents a pound on such cotton, but they have won a duty of 7 cents, and this will suffice, as Senator STANLEY, of Kentucky, figures it, to take about $10,000,000 out of the pockets of the American people and hand over $600,000 or more to the growers working on land reclaimed by the Government at enormous cost. Nor is this reckoning unreasonable. A duty on long-staple cotton against Egyptian competition calls for compensatory duties on all cotton goods using long-staple fiber, after the manner of the iniquitous woolen schedule.

This action of the Senate is probably not calculated to make the tariff of abominations any more acceptable to the increasing number of insurrectionists on the Republican side of the Chamber. But if the country can not make itself heard loudly enough to stop this outrage where it is something is likely to drop at the polls next November which the responsible party will not only hear but feel.

Mr. SMITH. Mr. President, it is hardly necessary for me to add anything more to the figures which I have given as to the profits realized by the concerns engaged in this business.

Mr. SIMMONS. Mr. President, if the Senator will allow me, at the beginning of his remarks when he was stating the annual profits made by one of the big concerns engaged in manufacturing thread, the Senator from Utah asked him if he had the profits for the last year, I think.

Mr. SMOOT. I did not have the figures for the last year.

Mr. SIMMONS. The Senator from South Carolina stated that he did not have the figures as to profits for the last year. I do not know whether or not the Senator from Utah meant by that question that the profits of the last year had been greatly reduced as compared with the profits of the year before, which the Senator gave. I have no information about it.

Mr. SMITH. I have no information, Mr. President.

Mr. SIMMONS. But I have this, if the Senator will pardon me——

Mr. SMITH. Yes.

Mr. SIMMONS. I do not imagine there has been any falling off in profits, because we have heard so much in the newspapers recently, a sort of political propaganda, that everything was beginning to boom, business was on the upward grade, and so on, that I was a little surprised to hear even an intimation by implication that a live concern like this was making less profits now than it did last year; but what I wanted to call the Senator's attention to was that certainly there is absolutely nothing in the import situation with regard to these articles that would indicate any falling off in profits from competition.

I was just running over out of curiosity the last report for January, 1922; and I discover that for the seven months ending in January, 1922, the total imports of manufactures of thread and yarn on beams, in skeins, spool thread, crochet, darning, and embroidery cotton amounted to $3,650,065, as against $13,220,201 for the same period for 1921; so that the imports for 1922 have fallen off enormously from 1921. That is where the tariff connects itself with this proposition. There is nothing in the imports, therefore, that would furnish any ground for apprehension, of a falling off of the profits. The Senator from Utah may have some information upon that subject, and I shall be very glad to have him enlighten the Senate with regard to it if he has.

Mr. SMOOT. Mr. President, there is not a man in the United States but what knows that the high peak of profits was in the year 1920. All I have to do is to hand to the Senator this price list of goods at the time of the high peak of prices in May, 1920, and compare the prices of cotton goods of every kind with the prices on May 22 of this year and the Senator will see that in many cases they were not one-quarter the amount. They fell from the high peak many times to a third, sometimes to a half, and in instance after instance to a quarter of the price of the same goods in 1920.

Mr. SIMMONS. Mr. President, 1920 was the high peak with respect to certain industries in this country. That was true of all industries during the first 6 months, probably, of 1920. During the last 6 months of 1920 certain industries in this country had the most disastrous slump that has ever taken place in the history of this country. So far as an industry of this kind is concerned, I do not think there has been a very great recession from the high peak of 1920. Of course, there have been some reductions all along the line; but wherever we find an industry that, in itself, possesses the power to fix and maintain its prices, we have not found that there has been any great recession from the war-time prices.

Mr. SMITH. Mr. President, right at that point, I have from the Tariff Commission the very figures that we want.

Mr. SIMMONS. That is what I wanted to bring out.

Mr. SMITH. In 1914, the Tariff Commission report shows that 200 yards of cotton sewing thread was selling at wholesale for 3.92 cents. It retailed at 5 cents. In 1922, 120 yards wholesaled at 4.29 cents.

Mr. SIMMONS. 1922?

Mr. SMITH. 1922; so that you have 33⅓ per cent less thread at about a third of a cent higher for the spool.

Mr. SIMMONS. It is infinitely worse than I thought it was.

Mr. SMOOT. Oh, well; the Senator must stop now——

Mr. SIMMONS. I must not stop because the Senator from Utah tells me to stop. I had stopped, but the Senator from Utah must not command me.

Mr. SMOOT. The Senator puts a wrong construction upon the word "stop," and how it was said.

Mr. SIMMONS. Yes; I know it was said good-naturedly.

Mr. SMOOT. The Senator knows this——

Mr. SMITH. Mr. President, I yield to the Senator from Utah.

Mr. SMOOT. The Senator knows that the reason of that increase was the price of cotton. Now, we want to be reasonable; we do not want to go off here on a tangent; and the Senator from South Carolina knows that in 1914 the price of cotton was lower in comparison than the yarn itself, compared to those prices.

Mr. SMITH. Yes; but, Mr. President, the Senator must not forget that in 1920 cotton went lower than it did in 1913 or 1914.

Mr. SMOOT. I am not talking about 1920. The Senator quoted 1914, and then quoted 1922.

Mr. SMITH. Yes.

Mr. SMOOT. Nineteen hundred and twenty was not mentioned at all; and the price of cotton in 1922 was more than double what it was in 1914.

Mr. SMITH. Mr. President, the price of the character of the cotton that enters into the manufacture of this thread—I will get the table and submit the figures—was not appreciably higher than the average price of like cotton for a great number of years. I will get the tables and submit them. It must be remembered that this thread is made from the long-staple or extra-staple cotton.

Mr. SMOOT. I have said it a good many times.

Mr. SMITH. All right. I will get the prices and submit them here, showing that there is no such percentage of increase as you find where the price is increased from 3.92 cents to 4.29 cents, a reduction of 33⅓ per cent in the amount offered and an increase of about 25 per cent in the price obtained.

It is certainly evident that the increase in the price of thread can in no sense be justified by any such variation in the price of cotton. Let me state to the Senator, and he knows, that there is nothing that fluctuates as violently as cotton fluctuates; and here you have nine years of the record of this concern, with cotton varying anywhere, as every man at all familiar with the cotton business knows, from $5 to $50 a bale in a season.

Mr. SMOOT. And of course the wholesale prices which the Senator quoted vary, too?

Mr. SMITH. The wholesale prices of these trust goods were put up to a point where, in spite of any variation, they never made less than $2,000,000 a year profit on an investment of $6,000,000. They have put their margin so far beyond the ordinary fluctuations of the price of the raw material that they do not appreciably affect the tremendous dividends that they make.

I am going to have figured out the amount of cotton used in sewing thread, to see what per cent of the long-staple cotton crop of the world is converted into cotton sewing thread. I will venture a guess that it is not one one-hundredth part of the cotton crop.

Mr. SMOOT. Whatever it may be, it is all long-staple cotton.

Mr. SMITH. Exactly; and yet, as will be shown by the tables I am having computed now, the amount of money made on this little, infinitesimal part of the long-staple cotton crop is almost 10 per cent of the value of the entire cotton crop.

Mr. SIMMONS. The Senator gave the profits they made in 1920.

Mr. SMITH. Yes.

Mr. SIMMONS. The Senator from Utah says that cotton was exceedingly high in 1920.

Mr. SMOOT. No; I said the price of goods was exceedingly high. I had nothing to say about cotton.

Mr. SMITH. All right. Let us take 1918 and 1919. There can be no question about the peak of prices being in those two

years. Let us take them and compare them with 1920, 1916, and 1917.

The profits in 1920 were $4,587,000.
In 1919 they were $3,024,000.
In 1918 they were $5,008,000.
In 1917 they were $2,169,000.
In 1916 they were $2,311,000.

Then the other pre-war years maintain about the same parity—about $2,000,000 profit made each year upon an investment of $6,000,000.

Mr. SMOOT. With the reserves.

Mr. SMITH. The reserves were made out of the business.

Mr. SMOOT. Certainly.

Mr. SMITH. Of course, they were.

Mr. SMOOT. If the Senator makes, out of raising cotton, a certain amount of money and invests it in some stock that year because that stock pays a dividend, why should he next year charge the dividend up to the raising of cotton?

Mr. SMITH. You are simply capitalizing your profits and compounding your interest——

Mr. SMOOT. So does the Senator compound his interest every time he makes an investment from his savings.

Mr. SMITH. It is not a question of investment.

Mr. SMOOT. It is a question of investment. Instead of investing in some stock or other, they invest in the business that they are in.

Mr. SMITH. They duplicated their stock. There is no evidence here that there was any great enlargement of the business out of the capital paid, because part of the time the J. & P. Coats people declared profits of 40 per cent and the rest of the time 30 per cent.

Mr. SMOOT. J. & P. Coats & Co. are in another country, not in the United States.

Mr. SMITH. They have their branches here. They have their connections here.

Mr. SMOOT. They sell their goods here.

Mr. SMITH. Yes; and they have their manufacturing establishments here, too.

Mr. SMOOT. And, of course, if we had no duty whatever upon the product, J. & P. Coats would control the market here.

Mr. SMITH. I am glad the Senator made that observation. It is a very significant and curious fact that all the sewing thread made by the American Thread Co. and the J. & P. Coats people has the same amount of cotton to the spool and is sold at identically the same price in this country and abroad.

Mr. President, I have given these facts to the public. Now the Senate proposes, without going any further into this matter, to amend the House proposition by putting on sewing thread a tax of one-half of 1 cent per 100 yards and then making it the beneficiary of the duty of that paragraph to the extent of not less than 25 per cent as a minimum or 45 per cent as a maximum, instead of 17 to 33⅓ per cent as the House bill provided. Why the committee put in the maximum of 45 per cent, knowing that cotton thread is never going to go down to a point where the maximum of 45 per cent would apply, I do not know. The average under the Dingley Act and through all the history of it was only 26.3 per cent, and why put that extra flourish there?

Mr. SMOOT. Does the Senator want the maximum to go out entirely?

Mr. SMITH. I want the maximum to go out and a 15 per cent duty put in. That covered it before; it will cover it now. The fact of the business is that I believe, from the showing made by the thread people, both American and foreign, that we would be justified in calculating just what would be a good revenue duty, based on the amount of thread which comes here, and I would apply that and no more. They have a monopoly of the thread business of the world, and if the duty were raised it would only encourage them to raise the price. They have an absolute monopoly of the thread business of the world, and, as this English writer says, until we break the stranglehold of this trust on the people of the world by Government interference in the form of nationalizing the business and taking it over, which is contrary to the genius of our Government, there will be no hope of any redress. What will be the effect of a duty under such circumstances? Recognizing that they have a monopoly of the world's production of sewing thread, they can at their own sweet will demand any price, without fear of competition or without fear of any interference. When you raise the duty, what effect does it have? It simply has the effect of giving them an excuse to raise the price still higher and reduce the number of yards on the spool. Therefore, we, as sensible men, should legislate here in the face of the actual facts and not on theory; on an actual condition, recognized by England and America, that we are in the grip of the most perfect monopoly known to the world. We perhaps may raise the duty and give them an excuse to still further mulct the people of the world who need this article.

It is up to the Senate. Here are the figures, produced by the friends of the industry, or at least from impartial reports, the American wool and cotton reports. Here are the letters I put in the RECORD from the patriotic men of England, unanimous in their denunciation of this absolute trust. Yet in this tariff bill we double the former rate of duty under which they made these profits. You encourage them to still further increase their predatory prices to the people.

Mr. SMOOT. We have heard about doubling the rate of duty so many times that it seems to me it is perfectly useless to try to answer that statement any further than we have already answered it. There is no doubling of the rate of duty; no such thing is intended; no such result will happen if the amendments proposed by the committee are agreed to. The maximum ad valorem provided for in this bill is 25 per cent, as reported to the Senate. I have already announced twice during the discussion that the committee will propose at the proper time to reduce that 25 per cent to 20 per cent.

In the act of 1909 there was imposed a duty of 6 cents per dozen on spools, rolls, or balls not exceeding 100 yards and a minimum of 20 per cent. The minimum cut no figure at all because of the fact that the ad valorem equivalent of the specific rates was 43 per cent. That was in the year 1910.

Mr. POMERENE. Mr. President, this question has no direct bearing on this subject, but can the Senator tell me why that rate was made as high as 43 per cent?

Mr. SMOOT. In the case of the rate of 6 cents a dozen, the specific rate, when reduced to the equivalent ad valorem, amounted to 43 per cent, according to the price of 1910.

Mr. POMERENE. I understand that thoroughly, but I am asking why it was made so high at that time? What reason could be urged in favor of a duty so high as that?

Mr. SMOOT. It was at that time supposed to be required for protection. The Senator from South Carolina says there is but one company making thread in the United States. I have here a list of 55 of them. I am not going to put it into the RECORD, but I have it here on my desk.

If the committee amendments are agreed to, the minimum rate will be 20 per cent, and I say that, without a question of doubt, no specific rate will apply, but the minimum of 20 per cent will apply, on to-day's prices. I insisted, as a member of the Finance Committee, on the amendment putting a maximum rate in the bill, because if there was no maximum rate, but only a minimum rate, and the prices declined to what they were in 1910, the equivalent ad valorem would have amounted to 43 per cent again, and I did not want that to happen. Therefore, the committee provides that there shall be a maximum of 35 per cent, not 45 per cent.

A few days ago the senior Senator from Wisconsin read to the Senate a statement of the wonderful profits which had been made by the cotton mills in the United States. The same thing was announced in 1909, and we have heard it a great deal during the discussion of this tariff measure. They do not point to the mills which fail, but they take the companies which are the best managed and the most successful and compare the profits of all the other companies in the United States with the profits of those particular companies.

The Senator from North Carolina I think made a statement that the profits of all of these cotton manufacturers were beyond the dreams of avarice.

Mr. SIMMONS. Mr. President, I did not mean that every mill manufacturing cotton had made those enormous profits. I was speaking, of course, of the average run in the industry.

Mr. SMOOT. Of course, I may have misunderstood the Senator, but I do not think he qualified it. I take his word now that he meant only the average.

In 1914, right after the passage of the Underwood tariff bill, the Parker Cotton Mills of South Carolina, with 515,000 spindles and 13,000 looms, failed for nearly $6,000,000.

Some two years ago the Parker-Hargraves Mills, at Fall River and Warren, with 227,000 spindles, 5,400 looms, and $3,200,000 of capital, was unable to meet its obligations, and after having been closed for several months was reorganized and the original stockholders got substantially nothing.

Mr. POMERENE. Mr. President, I want to submit to my good friend from Utah that that is hardly a fair argument.

Mr. SMOOT. If the Senator had just waited, I was about to say that it is not a good argument, but it is exactly the same argument that was used in presenting the other side of the question.

Mr. POMERENE. Failures were even known to occur during the operation of the McKinley tariff law, the Dingley tariff law, and the Payne-Aldrich tariff law. A lot of people go into

business who perhaps do not understand the business, where a dozen and one things might cause failure. This tariff bill in its present form would not be a panacea for that kind of ills, I dare say.

Mr. SMITH. Mr. President, if the Senator will allow me a moment, some of the failures to which the Senator refers, together with failures in other businesses, could not be chargeable to a profit when the business was properly managed, because some of these mills, like some of our railroads, failed and went into the hands of receivers, not because they did not have the proper patronage, but because there was a manipulation of their affairs looking to the getting of stock—high finance wrecking roads and wrecking mills.

Mr. SMOOT. The Senator from South Carolina need not tell me that; I know it. I am not pointing to these facts now as an argument for free trade or against free trade. Failures, as the Senator from Ohio has said, would occur, no matter what the rate may be, or whether they had no rate at all; more, of course, in the latter case than in the former case. But I wanted the Senate to understand that when a broad statement is made, and a few of the most profitable concerns are pointed out as making profits in that line of business because of the passage of the tariff act, there is another side to the question.

I am not going to take the time to put in this long list of failures in the cotton business, some very serious failures, which have affected thousands and thousands of people, not only stockholders, but employees as well. For instance, I think there was an impression made on the Senate the other day, when the senior Senator from Wisconsin referred, on page 10082 of the RECORD, to the Whitman mills, and stated that what cost an investor $3,800 in 1895 would have brought him, at the time he was speaking, $8,034.

Senators just hearing the statement made probably would not realize that if the stockholders in the Whitman Mills had in 1895 taken the same amount of money which they invested in the mills and deposited it in a savings bank, drawing 4 per cent, they would have had just a little more than the $8,034 mentioned by the Senator from Wisconsin as the price which could have been obtained for the stock at the time he was speaking.

I do not want to repeat what I said when this schedule was up day before yesterday, and I do not know that it would make any particular difference in the vote. But with the changes made, I see no reason why the paragraph should not be agreed to by the Senate.

Mr. SIMMONS. Mr. President, I want to refer to one phase of this matter. I see here in the Tariff Commission report that in 1919 the production of cotton thread amounted to 58 096,000 pounds, valued at $57,000,000, in round numbers.

In the nine months of 1921 the imports of these cotton threads were only $1,392,000, a mere bagatelle. Now, the Senator from South Carolina has stated that one great concern controlled the output of this product in Great Britain and that the same concern controls the output in this country. That does not mean that they manufacture all of it in Great Britain or that they manufacture all of it in this country, but that they are the dominant figure; they control the trade and fix the prices, the other or smaller concerns following their lead. Here we have a minimum of imports, and we also have the fact—I take it that it is admitted—that our competitor in this line of business is Great Britain.

Now the Senator from South Carolina asks the very pertinent question. Against whom will we protect the chief producer, the dominant producer, in this country by these rates? He asserted, answering his own question, that we will practically protect him against himself, and that would seem to be the situation. But let us assume that is not the case, and that we are merely by these duties protecting the American producer against the British producer.

I ask the Senator if his committee is able to furnish the Senate any information showing the difference in the cost of producing this particular article in Great Britain and the cost of producing it in this country. Can he furnish the Senate the difference in the selling price of the article in the foreign country and in this country?

I am asking the Senator these questions because unless there is a difference a duty can not be justified and if there is a difference a duty can not be justified that would more than measure that difference. Now, if the Senator will pardon me just a little further, I am not sure about it, but my impression is that in this particular case the raw material is Egyptian cotton and the cost of production in the English mill would be that much less than the cost of production in the American mill.

Mr. SMOOT. There would be a disadvantage to the American manufacturer unless he had a compensatory duty to take care of it. The Senator knows that these threads are made of the very highest grades of yarn.

Mr. SIMMONS. That is the reason why he should have a compensatory duty to take care of the difference in cost when his competitor gets the raw material without paying that cost.

Mr. SMOOT. That is the very reason why. If I can buy my cotton 7 cents a pound cheaper than the Senator from North Carolina can buy his and make exactly the same goods I know that I can produce my goods much more cheaply than the Senator from North Carolina and can sell them for less than he can sell his goods.

Mr. SIMMONS. Why should there be any duty except that which measures the difference growing out of the fact that the American, after the bill is enacted into law, will have to pay a higher price for his raw material?

Mr. SMOOT. The 7 cents is on the raw cotton, and by the time that cotton is combed and spun and made into cloth, particularly the fine counts of yarn that go into spool thread, there is a loss of at least 42 per cent. That is why they are given 10 cents a pound instead of 7 cents on the finished product.

I want to say to the Senator that there never has been a tariff bill written, including the one of which he was partly the author, which did not impose a duty upon the yarn according to the count of the yarn, and the finer the yarn the higher the duty. That is given for the purpose of covering the difference in the cost of producing those yarns in England and in the United States.

Mr. SIMMONS. Now, I understand the Senator to say that 10 per cent of the rates which he proposes here——

Mr. SMOOT. Oh, no; the Senator did not understand me. I will say to the Senator that the 10 cents a pound is about equivalent to 5 per cent ad valorem.

Mr. SIMMONS. But that has been added in another section?

Mr. SMOOT. Yes.

Mr. SIMMONS. That is provided for in another section?

Mr. SMOOT. Yes. All we have done is this: The rate under the existing law is 15 per cent, and we add 5 per cent to that, making a 20 per cent duty on these yarns.

Mr. SIMMONS. Then in another section the committee have provided for the compensatory duty?

Mr. SMOOT. Yes.

Mr. SIMMONS. It is proposed to cut the 45 per cent maximum down to 35 per cent?

Mr. SMOOT. Yes.

Mr. SIMMONS. And it is proposed then to compensate for this difference by imposing a duty of 35 per cent. Now, the question I want the Senator to answer is whether he can enlighten the Senate as to the actual difference in the cost of producing this product in Great Britain, our only competitor practically, and in this country; and if he has not that data, then will he give the Senate information as to the difference in the foreign selling price of this product and the American selling price—I mean the manufacturer's price and with no wholesaler's profits added in either case?

Mr. SMITH. Mr. President——

The PRESIDING OFFICER (Mr. NICHOLSON in the chair). Does the Senator from Utah yield to the Senator from South Carolina?

Mr. SMOOT. I yield.

Mr. SMITH. I want to call attention to the curious or interesting fact that under the emergency tariff on the Arizona cotton, exactly the same that we have put now in the present bill, the kind of cotton used to make this grade, according to the monograph of the Tariff Commission, that with the duty the Egyptian cotton was selling higher in this country than its competitor, the Arizona cotton, and without the duty it was selling higher than even when they paid the duty. So that the result is that we do not get any Egyptian cotton at a lower price than the American cotton. I mean the American cotton does not rise to the Egyptian price. The Egyptian cotton is selling with the duty or without the duty higher than the American cotton sells for here. So that the only result will be, not encouragement to the American but the imposition of that total amount on the manufactures and the things that we import. If the Egyptian cotton were to come in here at an even price with the Arizona cotton by virtue of the tariff, there might be some excuse, but even with the duty or without the duty it sells at a higher price than the Arizona cotton.

Mr. SMOOT. The Senate has already decided to put 7 cents a pound on long-staple cotton. Whether it is right or whether it is wrong, that is the decision of the Senate. I want to say to the Senator from South Carolina that there is not a single

cotton manufacturer in all the United States who wanted 7 cents a pound on long-staple cotton.

Mr. SMITH. I want to make a prophecy—and a year from to-day, if this bill shall be enacted into law and go into effect, I shall have the opportunity of knowing whether my prophecy is justified or not. The Senator says no manufacturer wanted the 7 cents a pound on Arizona cotton. I make the prediction now that not a single Arizona cotton producer will get the 7 cents a pound either.

Mr. SMOOT. I do not agree with the Senator at all. I stated the other day, when the question came up as to whether the Arizona cotton was as good as the Egyptian cotton, that for some purposes it was. When it is desired to make automobile tires it is as good, but the finer grade of Egyptian cotton can only be grown in one kind of climate, and that climate is not in America.

That climate makes the fiber the finest of any in all the world, Arizona never will be able to raise it, and no other country than the country in which it is now raised. But that only applies to cotton that is required to make the finer yarns. That is the difference. There are certain grades of Egyptian cotton that are not any better than the Arizona cotton and some not as good. There is no doubt about that at all. Arizona cotton does not bring the same price as the finer Egyptian cotton, because the Arizona cotton can not be used for making as fine a thread. But Arizona cotton is just as good as any cotton that was ever grown in the world for the making of tire fabrics and all classes of cotton goods, with the single exception of goods requiring the very finest of threads.

As I said, Mr. President, no cotton manufacturer in the United States wants this duty of 7 cents a pound, but a majority of the Senate said they want to undertake to protect that industry and see if Egyptian cotton through that protection can not be grown in this country and we not have to depend upon a foreign country for it. That is all there is to it. But there is no Senator who will not admit, as long as we do impose a duty of 7 cents on the raw cotton, that we must have a compensatory duty upon the yarns and cloths or threads into which that cotton enters.

Mr. SIMMONS. The Senator has not answered the question I asked him. I would be very glad to have him answer that question.

Mr. HARRIS. Mr. President, I desire to place in the RECORD a letter from the Wood Flong Corporation in regard to dry mats for stereotyping.

The bill reported to the Senate by the Finance Committee recommends a rate of 35 per cent ad valorem on stereotype-matrix mat or board, appearing in paragraph 1313, line 22, page 177 of the bill. The House bill provided a rate of 28 per cent under the American valuation plan. The Underwood law provides a duty of 25 per cent ad valorem. It is my information that the larger metropolitan newspapers do not now use the dry mats, their use being confined to the smaller dailies. Their use is becoming more general. The dry mats are composed largely of wood products, and they are used to make the impression of the type, upon which the stereotype metal is poured to make the page from which the paper is printed.

Chemical ground wood pulp, which was on the free list in the House bill, is given a rate of 5 per cent ad valorem. It is said that chemical wood pulp is used in making newsprint paper to the extent of about 20 per cent. Standard newsprint paper and mechanically ground wood pulp under the bill reported to the Senate is on the free list, but this bill takes chemical wood pulp from the free list, where it was in the House bill, and imposes a duty of 5 per cent ad valorem.

All of the articles should be on the free list, as the present cost is already a burden to newspaper production. I wish to quote from that letter, and the other letters I will also place in the RECORD. However, this letter to me states:

> It will be necessary for upward of 350 newspapers which now use our dry mats exclusively for all work to entirely reequip their plants at great expense and to largely increase their consumption of print paper by returning to the old wet-mat process.

The letter then enumerates certain newspapers in Georgia which will be affected; and states that there are 350 newspapers in the United States which will be affected. Mr. President, this is similar to much of the propaganda which is being carried on. This is a monopoly; it is the only corporation of this kind in the United States. If we raise the tariff rate, which they are trying to do, it will simply put a tax on the newspapers.

In this connection I wish to refer to another matter. I hope the Senate will not place the proposed 5 per cent duty on chemical wood pulp, for the paper mills in this country can not get the wood though the Canadian mills can obtain it, and such action would simply be putting a premium on Canadian manufactures and injuring the manufacturers in this country. I ask that these letters all be published in the RECORD. I thank the Senator from Utah.

Mr. SMOOT. I have no objection to the letters referred to by the Senator from Georgia being placed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letters referred to are as follows:

WOOD FLONG CORPORATION,
New York, June 21, 1922.

H. R. bill 7456, Schedule 13, paragraph 1313.

Hon. WILLIAM J. HARRIS,
United States Senate, Washington, D. C.

DEAR SENATOR HARRIS: Unless stereotype dry mats, included in paragraph 1313 of the tariff bill now under consideration, are granted a rate of at least 50 per cent this company will be compelled to immediately go out of business, and the industry will be totally destroyed in the United States. It will be necessary for upwards of 350 newspapers that now use our dry mats exclusively for all work to entirely reequip their plants at great expense and to largely increase their consumption of print paper by returning to the old wet-mat process.

The following are Georgia newspapers which already depend upon dry mats and will suffer if the altogether inadequate 35 per cent rate at present recommended by the Finance Committee is not increased: Atlanta Constitution, Atlanta Journal, Macon News, Macon Telegraph, Augusta Herald, Rome News, Albany Herald.

Trusting this matter will receive your earnest thought and immediate attention in the interest of these newspapers and this new American industry, I am,

Yours very truly, BENJAMIN WOOD, *President.*

Memorandum in behalf of American Newspaper Publishers' Association.

WHY DRY MATS SHOULD BE PLACED ON THE FREE LIST.

The flong, or dry mat, employed by many small newspapers, but seldom by the larger publications, is a sheet composed largely of wood products, used to convey the impression of the type to the stereotype metal used on the printing press.

The Underwood tariff provides a duty of 25 per cent ad valorem on dry mats, or $0.019275 per mat.

The Fordney Act, paragraph 1313, Schedule 13, provides a duty of 28 per cent ad valorem, American valuation of $0.0504.

There is but one American manufacturer of dry mats, the Wood Flong Corporation, of New York, whose present price is 18 cents per mat to all newspapers which use its mats exclusively in lots of 500 or more. Its price to occasional users is higher. During June, 1921, its price to occasional users in lots of 500 was 30 cents each, and in lots of 100, 35 cents each.

All dry mats used in this country, other than those of the Wood Flong Corporation, are imported from Germany, which enforces an export price of 25 cents per square meter of $0.0771 per mat.

We are informed there are but two importers of dry mats, the W. B. Wheeler Corporation and H. Reeve Angel & Co., both of New York.

The former states its cost, delivered in the warehouse, is $0.1046, or, including selling cost, $0.1433, exclusive of overhead; the latter stated its cost, under the present 25 per cent ad valorem duty, delivered New York, is approximately 11 cents, or, including overhead and selling cost, approximately 14 cents.

We are informed by these importers that they are unable to secure the price of 18 cents now paid for the American mat, and that therefore they must operate on a very close margin of profit to secure sales, and that only by largely increasing such sales, and thus decreasing the overhead average, may they secure even a fair profit under the present tariff.

Should the present duty of approximately 2 cents per mat be increased as provided by paragraph 1313, Schedule 13, of the Fordney Act to $0.0504, increasing the present cost by 3 cents, or should the present duty of approximately 2 cents be replaced by 4 cents, imports would cease, and the smaller newspapers, the main users of such mats, would be forced to purchase from the one domestic source of supply.

It is obvious that the present duty results in the 18-cent price now charged for the domestic mat. It is also obvious that every argument in favor of the free entry of newsprint and wood pulp applies equally to the free entry of dry mats.

We therefore ask that the flong, or dry mat, be placed on the free list. Attached are explanatory letters from the importers referred to above.

Respectfully submitted.

AMERICAN NEWSPAPER PUBLISHERS' ASSOCIATION,
L. B. PALMER, *Manager.*

MARCH 16, 1922.

NEW YORK CITY, *March 16, 1922.*

Mr. L. B. PALMER,
The American Newspaper Publishers' Association,
World Building, New York City.

DEAR SIR: Pursuant to your request for an expression of our opinion as to the effect of the proposed new duty of 50 per cent on dry mats, or flong, we may say that such a tariff will make it impossible for us to continue the importation of flong. This will be regretted by the many publishers whom we have had the pleasure of serving and who are very satisfied with the performance of our mats.

Under the present tariff—that is, 25 per cent ad valorem—flong costs us approximately 11 cents each, duty paid New York; or, including overhead and selling cost, approximately 14 cents. The initial selling cost is high, because of the technical nature of the application of the mats, but we have been satisfied with a very close margin of profit, on the assumption that the selling cost would be materially reduced as our sales increased.

If our cost is increased 2 cents per mat by higher duty, making the total approximate cost 16 cents, obviously we shall be unable to compete with the sole American manufacturer, if they maintain their present price of 18 cents each, as they naturally enjoy many advantages, regardless of the price. We know of but one other concern importing these mats. Any increase in the duty would wipe out our profit. Although our mat sales represent but a small part of our business, and but a small percentage of the total consumption, the result of a higher

duty, in so far as our customers are concerned, will force them to the only American manufacturer for their supplies.

We hold the opinion that the most serious aspect of a higher duty is the effect it will have in this country in retarding mechanical development of the stereotype process.

As you know, the American dry mats, also our own, are used chiefly by newspapers of relatively small circulation, as they are not suitable for the large metropolitan papers, which require from 16 casts upward from each mat.

Although many of the large publishers seem opposed to the use of dry mats, they do not deny the possibility of their ultimate general use. The publishers are not unmindful of the general use abroad of dry mats, and the large savings effected thereby.

For many sound technical reasons, the possibility of the manufacture of such mats in this country is very remote. For years, French and English manufacturers have tried, without success, to manufacture mats suitable for making a large number of casts, equal to the German mats. The fact that most of the leading French and English publications of large circulation insist upon the German mat speaks for itself.

This quality of mat, which will make upward of 50 casts, costs approximately five times that of the ordinary mat made in America. Consequently the duty, even at 25 per cent, is a serious handicap to the American publisher, and is one reason for their hesitancy to commence their use. You can well imagine that under a 50 per cent tariff the opportunity for development of the stereotype process in this country would be seriously handicapped.

The interest and importance of this subject is evidenced by the fact that during the last two years several American publishers have sent their representatives to Europe to investigate this matter.

Very truly yours,

H. REEVE ANGEL & Co. (INC.),
E. CHILD, *President*.

[W. B. Wheeler Corporation, foreign manufacturers' representatives, representing H. Albert von Bary & Co., Hamburg-Berlin.]

NEW YORK, *March 16, 1922.*

Mr. L. B. PALMER,
Care The A. N. P. A., 63 Park Row, New York City.

DEAR SIR: In confirmation of certain facts and figures in connection with the importation of dry mats from Germany, we call your attention to the fact that in our experience the average costs for mats of 20 by 24 inches have been as follows:

F. o. b. Hamburg	$0.0771
Ocean freight and insurance, duty and delivery to warehouse and insurance in warehouse	.0275
Delivered in warehouse, duty paid	.1046

In addition overhead expenses for selling mats on account of the technical nature of the product and its use has approximated 37 per cent.

At the present rate of duty the importation of dry mats has been unprofitable for us, and if the tariff were to be increased importation of dry mats would be entirely impossible.

Very truly yours,

W. B. WHEELER CORPORATION,
By A. B. BRADIE.

THE MACON NEWS,
Macon, Ga., July 5, 1922.

Hon. W. J. HARRIS,
United States Senate, Washington, D. C.

DEAR SENATOR HARRIS: It has been called to my attention that the Wood Flong Corporation are still pursuing their efforts to get a high tariff placed on imported mats, and that a communication has been addressed to the United States Senators naming a number of newspapers who are using their product, and that the importance of the high tariff being placed on foreign mats was "in the interest of these newspapers."

This letter is simply written for the purpose of reiterating my former position regarding tariff on foreign mats, as I feel that they should be placed on the free list if possible.

Having written you relative to this matter previously, you are no doubt familiar with all the details in connection with this matter, and I am not unmindful of the kind assurance you gave me regarding your position in the premises. As the News was no doubt one of the papers named by the Wood Flong Corporation in their communication to you, I simply wanted to restate my position in order that no misunderstanding may exist.

With kindest personal regards, I am,

Respectfully yours,

R. L. MCKENNEY.

THE MACON DAILY TELEGRAPH,
July 7, 1922.

Hon. WILLIAM J. HARRIS,
United States Senate, Washington, D. C.

DEAR MR. HARRIS: I have carbon copy of letter from Benjamin Wood, president of the Wood Flong Corporation, addressed to you under date of June 21, with reference to the horrible condition of the dry-mat industry that will occur in this country in the event the United States Government does not protect that industry with a 50 per cent protective tariff on foreign mats. I am asked to write you my views on this subject.

I feel that the Wood Flong people are endeavoring to build up a monopoly in this country, and if they can protect their industry with the tariff that is already prohibitive, as a newspaper publisher I am in favor of going out of business, as far as dry mats are concerned. The Wood Flong product is no better than the imported mat, and if we afford them the protection they want it means the newspapers in this country will be compelled to pay from 4 cents to 6 cents more than these mats are actually worth. I desire to enter my protest against any additional tariff on these mats.

In addition to the efforts these people have made to influence Congress in giving them undue protection, they have actually written to the stereotypers in the various newspapers asking that they refuse to handle any imported mats. I feel that this part of their propaganda is entirely out of order and seeks to destroy the newspaper business itself, rather than to protect their industry.

Very truly yours,

P. T. ANDERSON,
General Manager.

THE ALBANY HERALD,
Albany, Ga., July 3, 1922.

Hon. WILLIAM J. HARRIS,
United States Senate, Washington, D. C.

DEAR SIR: * * * I have received copy of a letter addressed to you by the Wood Flong Corporation, manufacturers of dry mats, in which it is stated that unless stereotype dry mats, included in paragraph 1313 of the tariff bill now pending in Congress, are granted a protective rate of at least 50 per cent that company will have to go out of business, and the industry be destroyed in the United States. It is further urged that it will be necessary for upward of 350 newspapers that now use dry mats exclusively to entirely reequip their plants at great expense, etc.

As one of the newspapers using the dry mats, the Herald is willing to let the Wood Flong concern, already a monopoly with a protective tariff of 35 per cent, go out of business rather than have its power as a monopoly increased by giving it the additional tariff rate it is now asking for.

This corporation induced newspaper publishers to put in the necessary equipment for using their mats, representing to us that it would be a permanent saving. Now that they have 350 or more of us hooked they seek a tariff protection that would enable them to increase the cost of their mats to more than what that of the wet-mat system was. It is unfair to those of us who have gone to the expense of equipping our plants for the use of the dry mats, and is in keeping with the general policy of monopolies in this country that are fostered by the iniquitous protective tariff system.

* * * * * * *

As one of the seven newspapers in Georgia now using the mats of the Wood Flong Corporation we say let them go out of business, as they threaten to do, unless they can get a tariff rate of 50 per cent. Their demand is unreasonable.

* * * * * * *

Yours very truly,

H. M. MCINTOSH,
President Herald Publishing Co.

Mr. SMOOT. I wish to say to the Senator from Georgia that these dry mats are not made in Canada; they are made in Germany.

Mr. HARRIS. The wood pulp I refer to is that coming from Canada.

Mr. SMOOT. I thought the Senator had reference to dry mats. Wood pulp is on the free list in the pending bill.

Mr. HARRIS. It is proposed to put a duty of 5 per cent on chemical wood pulp.

Mr. SMOOT. That is, on the chemical wood pulp.

Mr. HARRIS. Twenty per cent of that which goes into the manufacture of paper is chemical wood pulp.

Mr. WALSH of Montana. The Senator from Utah does not intend to say that wood pulp is on the free list?

Mr. SMOOT. Yes; I say ground wood pulp is free.

Mr. WALSH of Montana. But the Senator did not say that. I thought he had reference to chemical wood pulp.

Mr. SMOOT. I just stated to the Senator from Georgia [Mr. HARRIS] that the duty on chemical wood pulp is 5 per cent.

Mr. WALSH of Montana. I thought the Senator said that wood pulp was on the free list, and I am sure it was an inadvertence.

Mr. SMOOT. It was an inadvertence on my part, if I said so.

Mr. WALSH of Montana. Of course, the Senator meant to say ground wood pulp.

Mr. SMOOT. I stated to the Senator from Georgia [Mr. HARRIS] that chemical wood pulp was not on the free list.

Mr. HARRIS. Mr. President, I also wish to insert in the RECORD an article by Mr. John T. Hearn, a retired newspaper man of my State.

There being no objection, the article was ordered printed in the RECORD, as follows:

THE TAYLORS OF TENNESSEE; THE WAR OF THE ROSES.

[By John Tevis Hearn, formerly editor of the Knoxville Daily Sentinel, and now a resident of Bowden, Ga.]

Alfred Alexander Taylor, a lifelong Republican, has been governor of the Democratic State of Tennessee for more than a year. This statement of a remarkable fact brings to mind the famous campaign of 1884, in which Bob and Alf Taylor were candidates for governor, the political struggle being dubbed "the War of the Roses." During the campaign a lady had presented each of the two candidates with a bouquet of roses, one white, the other red. Bob took the white bouquet and Alf the red, and "the war of the roses" began. Many incidents of this remarkable political campaign are recalled that throw a pleasant sidelight upon the famous fraternal contention. That two young men should go out from the parental home as candidates for the governorship of a great State, one a Democrat, the other a Republican, was a strange departure from the trodden paths of politicians. The State of Tennessee was wrought up with excitement and the whole country watched with interest this brotherly rivalry.

When starting out upon the campaign the mother of the Taylor boys made them promise that they would not forget they were brothers, and that they would always treat each other with courtesy and kindness. It is related that at one of the early meetings Alf became warmed up politically and not only scored the Democratic Party severely but criticized Bob for belonging to such a party. At their hotel that night Bob announced that he was going home and would not speak any more; asked for an explanation, he reminded Alf of the promise made to their mother. Alf acknowledged his dereliction and promised that he would not again violate their agreement, and the campaign was conducted with due regard to the pledge made to their mother.

Upon one occasion some boisterous young Democrats began heckling Alf, using rude expressions. Bob advanced to the front of the platform and said: "The man who insults my brother insults me." There was no more trouble after that.

Robert Love Taylor, who was appropriately born in Happy Valley, Tenn., by his personal magnetism and his political sagacity won more honors than usually fall to the lot of the most aspiring politician. Elected to Congress in 1878, he was three times elected governor and closed his political career and his life in the United States Senate.

The third time Bob Taylor ran for governor it was over his protest. He was making more money on the lecture platform than would come to him from the governor's salary. Besides, the applause of delighted audiences was more grateful than the routine drudgery incident to the office of the State's chief executive. He yielded reluctantly to the urgent arguments of his friends, who claimed that "Our Bob" was the only Democrat who could be elected at that time, the Democratic candidate of the last election having won by a very narrow margin.

Gov. Alfred Taylor in his inaugural address paid this appreciative and touching tribute to his Democratic brother:

"I cherish no higher ambition than that by your sympathetic cooperation I may become as acceptable a governor as a brother predecessor, whose face I looked on for the last time in this very hall and whose spirit worked so effectively to aid in securing my elevation to this exalted position."

Although not as noted a platform speaker as his brother, Alf Taylor's addresses were characterized by both eloquence and wisdom.

A life-long Republican elected governor of a Democratic State—what higher honor could come to mortal man?

Happy Valley is happy indeed in giving to the Volunteer State these two notable brothers, Bob and Alf Taylor.

Mr. SHIELDS. Will the Senator yield to me for about five minutes, if I am not asking too much of the Senator? The discussion in which he is now engaged is likely to proceed for some time, and I have some business outside the Chamber.

Mr. SMOOT. I will yield to the Senator.

SENATOR JAMES A. REED.

Mr. SHIELDS. Mr. President, the Senate has now had under consideration the Fordney-McCumber tariff bill, an administration measure, since April 20, or nearly three months, and there is yet much of it to be considered. The embarrassment of the opponents of the bill has not been in finding objections to it but in determining what are the most important and objectionable of its multitudinous iniquities and provisions fraught with injustice to the plain people of the United States to which they should devote their attention. The Democratic members of the Finance Committee and other leading Senators upon this side of the Chamber have conducted the assault upon this unjust bill ably and courageously, and their efforts have been crowned with the success they hoped for. They did not, on account of the Republican majority, expect to succeed in defeating the greater part of its unjust provisions, but they did expect to expose its iniquities to the people of the United States, and in this effort they have succeeded beyond measure. They have torn the mask from its repulsive countenance and exposed its injustice to the people in all its hideous nakedness. They have brought about a general condemnation of it by the great press of the country, including both the Republican and Democratic papers, and there is every evidence that the great body of the American people fully realize the extortion to be perpetrated upon them for the benefit of special interests.

Mr. President, there has been necessarily absent during this long discussion one of the ablest Members of this body, a Senator who has always been in the forefront of the battle lines of his party, whose absence all good and true Democrats desiring the success of their party regret, but which rejoices all Republicans who, when the principles of democracy were at stake, have heard his fierce war cry and felt the force of his logic and eloquence.

All the Senators in this Chamber know of whom I speak, and it is not necessary for me to pronounce the name of JAMES A. REED, the senior Senator from the State of Missouri.

I have been led to refer to the absence of the senior Senator from Missouri [Mr. REED] by a statement made by his colleague, the junior Senator from Missouri [Mr. SPENCER], and commented on in an editorial appearing in the News Scimitar, an able paper published at Memphis, Tenn., and having a large circulation in southwestern Missouri. The editorial was written by Mr. George Morris, one of the ablest editorial writers and most loyal Democrats of the country. I wish to read it:

[Editorial from the News Scimitar, of Memphis, Tenn.]

SPENCER TAKES A HAND.

Senator SPENCER, Republican, of Missouri, has issued a statement in Washington in which he says Senator REED will be defeated by Breckenridge Long for the Democratic nomination.

At first glance it might appear that the fight in Missouri between REED and Long is one with which the Republicans have no concern. As a matter of fact it is of vital concern to them. Around the result revolves the question of whether Missouri is to have a Democratic Senator or two Republican Senators.

The observation of persons familiar with the Missouri situation for some weeks has been that the nomination of REED means his election, and the nomination of Long means his defeat. The Republicans know how easy it will be to defeat Long. No one knows better than SPENCER how very easy it is to defeat Long. He defeated Long two years ago, and there is no doubt that almost any candidate the Republicans put out against him this year will defeat him again.

There is more than a party reason for Senator SPENCER'S interest in Long's nomination. If there is to be a Democrat in the Senate from Missouri, the Republicans prefer anybody to REED. He has about succeeded in demolishing SPENCER, and if REED is in the Senate to bombard SPENCER for the remainder of his term the voters of Missouri undoubtedly will throw him into the discard.

It was SPENCER who led the fight to seat NEWBERRY, and it was REED who chastised his colleague with a speech that will sting SPENCER whenever he shows his head in Missouri politics. With a man of the caliber of Long in the Senate, even if he should be elected, he would be as harmless from the Republican point of view as he would be useless to the Democrats.

If the SPENCER statement has any influence with the Democrats of Missouri, it ought to be to convince them of the fallacy of selecting a candidate satisfactory to the Republicans. It is not often that a candidate has the privilege of selecting his adversary, and when he does it is no compliment to the opponent. The Republicans have tried Long once as an opposition candidate, and he met the full measure of their requirement.

I do not read this editorial in criticism of the junior senator from Missouri. I do not understand it was intended as a personal criticism of him. If I did, I would not put it in the RECORD. It concerns his political activities, along with those of other members of the Republican Party, all of whom are within their rights, and of whom I do not complain.

The able junior Senator from Missouri is always alert to advance the interest of his party in and out of this Chamber and to disintegrate and weaken the Democratic Party, and he may do so by strategy, as in his statement attempted, as well as by fierce assault.

Mr. President, I have nothing to do with primary contests in the State of Missouri, and it is not my intention to interfere with them. I do not believe it proper for me as an outsider to do so. I wish only to say a few words about the record of our colleague, the senior Senator from Missouri [JAMES A. REED], in order to explain why the junior Senator from Missouri wants him defeated.

I am not surprised that Republicans should desire his defeat. For the 10 years I have known him in this body he has ably and fearlessly upheld and defended the great principles of Democracy and the rights of the common people as taught by Jefferson and Jackson and others of the great founders of the party.

I have never known a man more loyal to his party and its principles. In every important debate where these great principles were under fire or were sought to be advanced he has been in the forefront of the fight, and his loyalty to those principles and to the interest of his party are amply proven by the great addresses which are recorded in the CONGRESSIONAL RECORD. His speeches are an enduring monument to his ability and to his Democracy that will last so long as our Government lasts. They place him in that brilliant constellation of Democratic Senators and patriots who have preceded him from his State, such as Benton, Vest, Cockrell, and Stone, along with whom also is to be included his friend, that great leader of Democracy and champion of the common people, Champ Clark.

I do not know what is in store for Senator REED, but I do know if his services in this body should be cut short the great Democratic Party will lose one of its ablest and most courageous champions in this Chamber, and the Republicans will rejoice in their hearts that one of their most formidable foes is gone.

Mr. SIMMONS. Mr. President, will the Senator from Utah permit me to make a brief statement?

Mr. SMOOT. I yield.

Mr. SIMMONS. Mr. President, the senior Senator from Missouri [Mr. REED] is a member of the Finance Committee. I know that he has deeply regretted, and, of course, as a member of that committee, I have regretted as much as has the senior Senator from Missouri, his inability to be present and to assist us in the discussion.

No man who has been in the United States Senate since I have been here is more capable of discussing such questions as those with which we are now dealing. His analytical powers, his tireless energy, his great ability would have been of vast help to us if he could have been here.

I say this much merely because the senior Senator from Missouri has asked me to let his colleagues understand how deeply he regretted his inability to be present with us during the consideration of the pending bill.

Mr. SMOOT. Mr. President, I want to say before answering the question of the Senator from North Carolina that I, too, have served with the Senator from Missouri [Mr. REED] on the Finance Committee. I know that he is an untiring worker, and if there is one thing that I admire above all else in a public man it is courage, honesty, and the ability and the willingness to express what is actually in his heart; and I want

to say that I know of no man I have served with in the Senate who has followed that course more than the Senator from Missouri [Mr. REED].

Mr. KING. Will my colleague yield to me for a moment?

Mr. SMOOT. Yes.

Mr. KING. The Senator from Tennessee [Mr. SHIELDS], the Senator from North Carolina [Mr. SIMMONS], and the senior Senator from Utah [Mr. SMOOT] have referred to the senior Senator from Missouri [Mr. REED]. When I saw him last he expressed his keen disappointment at being unable to be in attendance in the Senate during the entire period when the pending tariff bill was under consideration. The Senator from Missouri is a member of the Finance Committee, and his wide knowledge of public affairs and his profound study of the tariff and of economic questions make him an invaluable member of that important committee. His absence from the Senate at this time is a great loss to his party and to the country.

The able Senator from North Carolina [Mr. SIMMONS] has in a most brilliant manner presented the views of the Democratic Party upon the pending bill and has rendered services of inestimable value. His hands would have been greatly strengthened if the senior Senator from Missouri had been present, because there are few men in this body or elsewhere better qualified to discuss the schedules and provisions of this bill and the fundamental principles of the tariff than the Senator from Missouri. There is genuine regret upon this side of the Chamber that thus far in the debate we have not had the powerful support of the senior Senator from Missouri. It is to be hoped that he will be able to return in time to discuss some features of the pending bill and show to the country its many inequalities and injustices.

A tariff bill involves the consideration of constitutional questions. So long as we have a Constitution and support the theory of the relation of the States to the Federal Government, which the fathers of the Republic recognized, one of the vital issues will be as to the limitations upon the Federal Government. The Democratic Party has always contended for the inviolability of the States and their maintenance in all of their vigor and power. That issue can not be obscured, and it is presented in an acute form to the American people to-day. Shall the States be preserved? Shall the right of local self-government be maintained? Shall the rights of the individuals be respected? In other words, shall we have a democratic Government rather than a bureaucratic and a paternalistic one? These questions are involved in the pending bill, and it is, as I have stated, a serious loss to the country that the Senator from Missouri is not able to be here to aid in the fight which the Democratic Party is making against the selfish interests and the greed and avarice of protected interests.

I agree with the Senator from Tennessee that neither the Senate nor organizations outside of the State of Missouri have any right to interfere with the people of that sovereign State. They have the right to determine for themselves what political course to pursue and whom they will name to represent them. The Democrats of Missouri are competent to deal with their own political problems, and they will deal with those problems in a proper and satisfactory manner.

THE TARIFF.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7456) to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, and for other purposes.

Mr. SMOOT. Mr. President, to come back to cotton, the Senator from South Carolina [Mr. SMITH], as well as everyone else who has studied the question of the manufacture of cotton goods, must admit without a doubt that the laborer in England is just as proficient as the laborer in the United States. There can not be any more proficient labor in the manufacture of cotton or woolen goods than is found in England. The mere fact of a weaver or a woolen manufacturer from England making application to me for a position in a woolen mill was sufficient for me to say: "Why, of course I will give you a position in the mill if there is one to fill."

Mr. President, the laborer in England, both in the manufacture of cotton and in the manufacture of woolen goods, is born to the trade. His father did nothing else, and in 8 cases out of 10 his mother never did any work outside of that class of work except what she was compelled to do in the discharge of her household duties. They are adepts at it. You can not find people anywhere in all the world who are equal to them in certain lines.

I will say to the Senator from North Carolina that the committee had the wage scale paid in England and the wage scale paid in the United States, and there is not a question but that the difference in the wage scale will justify the rates that we are asking in this paragraph.

If there is a world monopoly in this product, and if J. & P. Coats & Co. fix the price at which this cotton thread shall be sold, and if the American manufacturers follow that price, then I want at least to collect a little money for the Treasury of the United States out of the goods that are shipped into this country. I can not believe, however, that there is a world-wide monopoly in this product.

The Senator from South Carolina referred to the fact that there must be a world-wide monopoly because of the fact that the number of yards per spool of thread was changed in this country to the same number and at the same time that it was changed in England. War conditions upset everything in the world. Prices went sky-high. There was scarcely a limit to the advances in this country, and the peak was reached in 1920. If Senators will take occasion to examine into the prices of cotton goods of every character, and compare them as of April 1, 1920, with the prices of May 22, 1922, I think they will find that the average decline has been over one-half. In the case of many items, as I said before, the decline has been three-fourths, and as I look at the prices quoted upon these goods I wonder what profits were made in 1920. Either they were excessive profits or else the mills to-day are making little profit; and there are a good many mills, as I pointed out, that are making nothing.

So, Mr. President, the rates have been reduced—I will not take the time to go over them—and when the time comes to offer an amendment for a further reduction I am authorized to do it, and that rate will be only 5 per cent higher than the existing law.

Mr. SIMMONS. Mr. President, I asked the Senator from Utah if he could give the Senate some information sufficiently definite to be of assistance to us, showing the difference, if any, between the cost of production of these items in the cloth schedule between this country and Great Britain, our chief competitor. The Senator answers that by saying that the English laborer is just as efficient as the American laborer, and that there is a difference in the wages paid the English laborer.

Mr. President, the Senator from Wisconsin [Mr. LA FOLLETTE], in the great speech which he delivered a few days ago upon the cotton schedule, made it perfectly clear that even if there was equal efficiency, on account of certain rules and regulations with regard to the number of men that may be employed upon one machine, and other regulations dictated largely by the labor unions of Great Britain which do not obtain in this country, there is quite a difference in the output of the efforts of one man in that country as compared with the output of the efforts of one man in this country. That, I think, is pretty well understood, and that would account for a slight difference in the wages paid in the two countries. But, Mr. President, the fatal trouble about all this business is that the committee has sought to measure difference in cost of production by difference in wages paid, not taking into account at all the fact that the wage paid does not measure the cost of production. Where there is absolute equality of conditions, efficiency, machinery, and methods of manufacture it would; but that does not obtain as between this country and Great Britain, even if there is equal efficiency. I do not know how that is. I do not know that the British laborer is as efficient; but I do know that the British laborer in the cotton mills does not turn out as much work as the American laborer, because of certain rules and regulations that have been established and are maintained there that do not apply here but that tend to curtail the output of the single man. The more we do a certain kind of work with automatic machinery or semiautomatic machinery, the less the price paid to the laborer who operates that machinery has to do with the cost of production.

Mr. SMOOT. Mr. President, no automatic machines are used in this kind of manufacture.

Mr. SIMMONS. I do not know how that is; but I think that is a very bad way and a very unsafe and a very unsound way of attempting to measure the difference in the labor cost in different countries, because we know that the conditions of machinery and the conditions of hours of labor and the other restrictions that obtain in one country may not obtain in the other country.

Mr. SMOOT. Does the Senator from North Carolina think for a moment that the laborers in the cotton mills in England are not as efficient as those in this country?

Mr. SIMMONS. I said I did not know whether the labor was as efficient or not, but I said that there were certain rules and regulations with reference to the number of men required to operate a machine, as compared with the number of men who would operate a similar machine in this country, which affect the labor cost, if you measure it by wages paid, very fundamentally.

But that was not the object of what I was saying. I was simply criticizing the rule by which the committee in this case, according to the statement of the Senator from Utah, as in many other cases we have had before us, have attempted to measure the difference in the cost of production here and abroad. It might operate very well in some cases, but it seems from the discussions we have had that that has been the rule of measurement in the cases of practically all the rates the committee has written, where it has considered any rule of measurement at all.

But let us get down to the hard facts as to whether these threads produced in Great Britain do actually bring a higher or lower price at wholesale or at retail than those produced in this country. I have here an expert statement with regard to this particular item, which reads as follows:

ENGLISH PRICES OF J. & P. COATS (LTD.).

Retail prices of 200-yard spool: 1914, 1½d.; 1919, 4d.; 1922, 6d.
Retail prices of 400-yard spool: 1914, 3d.; 1919, 7½d.; 1922, 10d.
In December, 1919, Coats, when advancing prices, stated that their wholesale price was 5.729d. for 400-yard reel (spool) retailing at 7½d. If same ratio applies to the 10d. retail price their wholesale price is now 7.64d. per 400 yards (equal to 7.64×2×0.80 (exchange) divided by 4, or 4.08 cents per 100 yards). This would tend to show that wholesale and retail prices of cotton sewing thread are higher in England than in the United States.

That, I take it, has been very carefully, very accurately, and very technically worked out by the expert of the Tariff Commission. His conclusion is, taking this data given by Mr. Coats himself, that the retail and the wholesale prices of these threads are higher in England than they are in the United States. If that be true, in heaven's name upon what ground can we justify imposing a 35 per cent maximum rate and a minimum duty of 20 per cent, which I understand is the figure to which the Senator has now agreed to reduce it, under pressure, probably, from the other side of the Chamber. Thirty-five per cent is a reduction from 45 per cent which was originally proposed.

The very fact that before this pressure was brought to bear upon it, when it was acting on this in the same way in which it was acting on other paragraphs in this schedule, the committee fixed the maximum rate at 45 per cent in the face of such a situation as I have disclosed in these figures, based upon Mr. Coats's own statement, shows the recklessness with which these rates have been made. If 45 per cent was too much under those conditions, 35 per cent is equally too much now. If a minimum rate of 25 per cent was too much, a 20 per cent minimum is equally too much now. It will not do to say that the 20 per cent minimum is only 5 per cent higher than the present rate. The provision in the present law has no minimum and maximum. It is just a flat rate of 15 per cent. But with an output of cotton thread of nearly $60,000,000, with an import of only $1,000,000, threads selling in England at retail and at wholesale higher than in this country, they propose to raise the present rate. If these facts prove anything, they prove that although the existing rate might have been justified in 1913, when they were adopted, the developments in this industry in this country since that time as compared with Great Britain have changed the conditions and the situation which existed there, and the facts of this development show conclusively that the 15 per cent rate would not be justified now—that is, if justified then, it is not justified now.

I think the rates are entirely too high. It is true, concessions have been made to the other side which are accepted as meaning something, but which to my mind mean absolutely nothing. The substitute rates of the committee, substituted under the duress of opposition on the other side of the Chamber, have led to some reductions, but they are reductions which signify nothing to the American people, who are to pay these taxes.

If a nominal duty is all that is justified, then these reductions they are making for the purpose of securing support over there and saving themselves from another crushing defeat, if they amount to something from a political standpoint, may help in securing support which would otherwise not have been given on the other side, and may enable the committee to save its face; but so far as the American people are concerned, the reductions do not amount to a snap of the finger.

THE FEDERAL RESERVE BOARD GOVERNOR.

Mr. HEFLIN. Mr. President, I want to bring again to the attention of the Senate and the country the fact that a great propaganda for the reappointment of Governor Harding is being carried on by some of the agents and officials of the Federal reserve banks. But the people out in the States are beginning to wake up upon this question. The York Republican, a Republican paper published in the State of Nebraska, in the city of York, on June 29 of this year contained an article from which I read as follows:

Early in 1920 an edict was issued by the Federal Reserve Board that liquidation must take place, and I know of several cases where regional banks absolutely refused to renew paper of borrowing banks and demanded that a large element of their borrowing must be liquidated. In several cases the banks were unable to meet their liabilities and the Federal reserve bank charged them to the account of the borrowing bank, making an overdraft and compelling them to liquidate. So there was nothing left for the local banks to do but to compel their borrowers to put their stock on the market immatured. At the same time the men who usually buy cattle for feeding purposes were unable to get money to buy the stock. The result was the stock in many cases went to the slaughter far in advance of maturity. Over 65 per cent of the cattlemen and about 75 per cent of the tenant farmers of the country are insolvent.

* * * * * * *

I want to say to Senators and Representatives from Nebraska that I am voicing the sentiments of 95 per cent of their constituents when I say they should offer all the support they can to Senator HEFLIN and the farm bloc to defeat the reappointment of Governor Harding.

I am going to read an excerpt from a letter written by the president of a city national bank in a Southern State to another Senator in this body. I have not conferred with the other Senator, and I will not use his name. The president of that bank says this in the beginning of his letter:

MY DEAR SENATOR: Unless something is done to check the extravagance and gross mismanagement which has been and is still being displayed in the administration of our Federal reserve system, of which I have been an ardent supporter, I fear the system will be doomed. There is a real danger that the people will rise in their wrath and not only throw out the men responsible for its mismanagement, but may also try to do away with the system itself, unless abuses are corrected.

Mr. President, for nearly two years I have defended this system. I have striven to keep it out of politics and to have it honestly and fairly administered. I have stated on this floor two or three times that I, as well as other Senators, have received letters from bankers complaining of the deflation policy of the Federal Reserve Board and asking me and asking them not to use their names.

The time is fast approaching when the President of the United States must name a successor to Gov. W. P. G. Harding. The Manufacturers' Record has told the country how an indorsement was secured of him in a bankers' convention in New Jersey at the very close of the session, when nearly all the delegates were gone, all but about 15. Under those circumstances a resolution was gotten through asking for the reappointment of Governor Harding.

The Manufacturers' Record has pointed out that wherever a bankers' convention is held, whether by a district or by a State, somebody representing the Federal Reserve Board, with all its power, with all its control over the distribution of the currency and credits of the whole country, is on hand to handle and manipulate the situation so as to bring about an indorsement of Governor Harding.

Mr. President, the President of the United States ought not to tolerate that sort of thing. The President of the United States ought to put his foot down upon such reprehensible and dangerous conduct. Think of the governor of the Federal Reserve Board, coming up for reappointment, calling upon the men he has appointed to office in the various Federal reserve banks to use their influence upon bankers who must come to the Federal reserve banks to get their accommodations in currency and credits, to indorse this man for reappointment.

In this fashion our great Federal reserve banking system is being dragged into politics. The old national bankers in Hickory Jackson's day were rebuked and punished for less political activity. I do not believe there is an official in any one of these banks, except New York, who, if he were let alone, would drag the system into politics or would undertake to use the bank's influence for political purposes. The governor of the Federal Reserve Board is up for reappointment, and the man at the head of each bank, holding his position by appointment of Governor Harding, is influenced through this governor to call upon the bankers dependent upon him or the bank under his control for supplies, to indorse Governor Harding. What a dangerous and deadly power it is that he is using.

Mr. President, it was the purpose of myself and others who had to do with creating this banking system to keep it out of politics, to have it honestly administered, so as to meet the needs of business everywhere. It did that very thing until the late spring of 1920.

After that time, under the edict of the Wall Street bunch, it commenced the work of destruction to rob, literally rob, through deflation, the South and West of many billions of dollars. Now, of course, those people want Governor Harding re-

appointed. Of course they are using their power to have him reappointed, but I want the President to know and the country to know that indorsements are being secured through improper influences and under coercion and intimidation, and that men who fear and distrust him are being influenced to indorse him and ask for his reappointment.

Mr. President, in conclusion I wish to make a cross statement and I want the press to carry it to the country. A Republican Senator in this body told me day before yesterday that the bankers in convention in his State were induced to indorse Governor Harding for reappointment, and that since that time the bankers had been writing him personal letters, expressing the wish and the hope that he be not reappointed. What a horrible condition that presents. Bankers sitting in convention, with an agent of the great Federal reserve bank, with all its power and influence standing amongst them asking for an indorsement of Governor Harding, whispering it around that he is going to be reappointed anyway, and suggesting that they had better go on and indorse him and thus secure indorsements from men who as soon as they can express their real feelings write their Senators to ask the President not to reappoint him.

I do not intend that these requests and indorsements shall go to the President without him knowing how they are obtained. Go and ask the editor of the Manufacturers' Record about the information that is pouring into him from all over the country about how these indorsements are obtained. Talk to Senators on this floor. One of them told me this morning about a man writing him a letter asking him to indorse Governor Harding for reappointment. I said that man either belongs to the interests that have fed and fattened upon the substance of the people, wrung from them by deflation under the leadership of Governor Harding, or he does not understand what it is that deflation has done to millions of our people.

Mr. President, I would love to see the President of the United States come out and say that if he caught these bankers trying to influence other bankers that are to be served by them in their district to indorse this man, who, if let alone, they would bitterly oppose, that he would see to it that they were removed from office. But, Mr. President, what a dangerous power it is to permit a man to get on that board and then to pick out the men for positions in these banks and appoint them to office, place them under obligation to him, and then make them use their influence to keep him in office. Mr. President, if that is permited, what we sought to do when we established this system has been defeated. The banking system that we set up on a hill far removed from wirepulling and political chicanery has been dragged into the mud and mire of dangerous political activity.

Danger signals are going up. Here is a great banker in the South writing a letter to a Senator, who is sitting on this floor now, and saying unless this system is changed, this mismanagement stopped, the whole system is in danger. I have been here pleading day after day through the months that are gone in favor of keeping this great banking system true to the purposes for which it was created. These Federal Reserve Board members, or some members of it, have their publicity bureau; they have wires which they can pull reaching out into the Federal reserve districts wherever the Federal reserve banks are located; and they have had their press agents pouncing upon me, criticizing me, and trying to destroy my efforts to get the truth about the crime of deflation to the people.

Mr. President, are we going to permit that to go on in this country? I am going to have something to say in a day or two about another gentleman who has been very active in this work and who is on the pay roll of the Federal reserve system now. Little by little I hope to make some interesting revelations to the Senate and the country between now and the 1st of August.

Mr. President, I want to repeat, for the benefit of some Senators who perhaps did not hear my statement a moment ago. The editor of the Manufacturers Record tells us that a member of a bankers' convention wrote him that the governor of the Federal Reserve Board was indorsed when nearly all the delegates had gone. I want to repeat to my brother Senators that a Republican Senator told me that bankers in a convention in his State, who were induced to indorse Governor Harding, have since that time been writing him letters expressing the wish and the hope that he would not be reappointed.

Right here in the Capital of the Nation this great banking system, perverted from the ends of its institution, is made a veritable political machine. It ought to be free from political activities and ought to give service whole-heartedly to the business needs of the country, and yet it is using every influence possible to get indorsements to overwhelm the President and convince the President that the people want him reappointed. This ought not to be permitted, Senators. Mr. President, if the people of the United States—men and women old enough to vote—could vote to-morrow upon the question of whether Governor Harding should be reappointed or rejected and we should poll 30,000,000 votes, I do not believe he would poll 500,000 votes. I believe that 29,500,000 would be cast to remove him. And yet this propaganda is going on, persistent and insistent, in the effort to deceive the President into believing that the people want him reappointed. Senators are getting letters from their constituents asking them to fight his confirmation if he is reappointed. I believe that the President has already received indorsements that were obtained exactly in the way the Senator told me the bankers of his State indorsed this fellow or permitted him to be indorsed.

Mr. President, this is a horrible and deplorable situation to my mind. Suppose we assemble 100 bankers in a hall and a man comes in there from the Federal reserve system and every one of them look at him and say, "We have to go to that system for our money supply," and he stands up amongst them and says, "Gentlemen, I want you to indorse Governor Harding for reappointment. Just between us, I think he is going to be reappointed anyway, and it will be better for us to go ahead and indorse him, so I hope you will pass the following resolution."

The presiding officer says, "Those in favor say 'aye,'" and about a dozen say "aye," and eighty-odd of them sit there with their eyes upon the floor and say nothing. Why do they not oppose it? For the reason that they have written to me and written to other Senators: "Do not use my name. If you do, they have too many ways in which they will make me suffer and injure my business." Here is the man from a bank called upon to indorse this man, and he sits there and says to himself, "Well, I have to go over there next week to see if I can not get a little money to carry on my business. I guess I had better not antagonize them."

It is a horrible situation, Mr. President.

I do not believe that they can fool the President with the tactics that they are now employing to secure the reappointment of Governor Harding.

DISTRIBUTION OF SPEECHES BY FEDERAL RESERVE BANKS.

The PRESIDING OFFICER (Mr. STERLING in the chair) laid before the Senate a communication from the governor of the Federal Reserve Board, transmitting, pursuant to Senate Resolution 308, a letter from the Federal Reserve Bank of Boston relative to the circulation of a speech of Senator GLASS on the Federal reserve system, which was ordered to lie on the table.

LANDS IN MOHAVE COUNTY, ARIZ.

Mr. CAMERON. Mr. President, I ask unanimous consent for the present consideration of House bill 9257, which has passed the House and has been reported favorably to the Senate. It is for the transfer of lieu lands which have been selected by the Santa Fe Railroad Co., and gives them the right of selection of other Government lands. A survey was made, and I should like to have the bill passed.

The PRESIDING OFFICER (Mr. WILLIS in the chair). The Senator from Arizona asks unanimous consent for the present consideration of a bill, which will be read by title.

The ASSISTANT SECRETARY. A bill (H. R. 9257) to permit adjustment of conflicting claims to certain lands in Mohave County, Ariz.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. SIMMONS. Mr. President, what is the bill?

Mr. KING. The bill is all right, may I say to my colleague?

Mr. SIMMONS. Mr. President, knowing the wise and safe views that the Senator from Utah [Mr. KING] has wherever there is a trade in question, and upon his assurance that this is a mere trade as to lands, I shall not make any objection.

Mr. SMOOT. We have passed hundreds of such bills.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which was read, as follows:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized and empowered, in his discretion, to accept a relinquishment from the owners of the odd-numbered sections of land falling within townships 16, 16½, and 17 north of range 13 west, Arizona, and permit said owners to select and receive in exchange therefor patents of an equal area of vacant surveyed, nonmineral, nontimbered public land of the United States in the county of Mohave, State of Arizona.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

THE TARIFF.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7456) to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, and for other purposes.

Mr. FLETCHER. Mr. President, I want to submit very briefly two propositions. In the first place, under existing tariff laws the amount of revenue derived through the customhouses is greater than it ever has been under any law, under the Payne-Aldrich tariff or any other. In other words, the existing law is serving the needs of the country in raising revenue. Then I propose to show that, so far as the manufacturers are concerned, there is no need for legislation to further protect them and their interests.

The first proposition is borne out by a statement which appears in the Washington Post of June 22, last, which states:

Customs receipts for the fiscal year ending June 30 will reach the highest figure in the history of the Government. On June 19 the receipts had exceeded the highest previous record, that of 1910, when the Payne-Aldrich tariff law was in effect. In that year the customs receipts were $333,000,000, while on June 19 they had reached $341,000,000, and probably will approximate $350,000,000 at the end of the fiscal year.

There has been a very great increase in the customs receipts over last year, when they were $298,000,000. The increase is said by Treasury officials to be due in large measure to the importation of large quantities of materials, the stocks of which were depleted during the war period, and also to the reorganization of the customs service under the present administration.

Internal revenue receipts will show a material decrease from last year. Income tax returns alone decreased more than $1,000,000,000. This year's income tax receipts up to June 19 were $1,949,120,809, as compared with $2,956,171,191 last year.

In view of those facts, where is there any crying need for a permanent revision of the tariff laws of the country, and especially under existing conditions, and especially also a revision such as is proposed here, which will result in increasing very vastly existing duties, imposing enormous tax burdens, shutting out imports, and, in my judgment, decreasing the revenue?

The article on this subject, which I desire to place in the RECORD without reading, appears in the Manufacturers News of Chicago of July 6, 1922, and is headed "The growth of United States manufactures—Government's fourteenth industrial census shows an increase of nearly 15,000 plants in five years."

This article gives the number of establishments in the important industries, such as food and food products, textiles and kindred products, iron and steel and their products, lumber and remanufactures, leather and finished products, paper and printing, liquors and beverages, chemicals and allied products, stone, clay, and glass products, metals and metal products, tobacco manufactures, vehicles for land transportation, railroad repair shops, and miscellaneous industries. The article shows the number of establishments in 1919 and the number of establishments in 1914 in these various industries. It shows a tremendous growth in the manufactures of the country under the existing tariff law.

In view of that statement, which is taken from the census of the Government, and, of course, is authoritative and may be depended upon, where is there any need for further protection of the manufacturers of this country? If we take the pending bill and analyze the various schedules we shall find that the bill proposes to increase the duties on the ordinary necessities of life very greatly over existing law and over any other previous tariff legislation. We shall find that under the provisions of this bill with respect to the ordinary daily requirements of the family, which all the people must have, it will take $1 to get 4 cents into the Treasury; that the consumers will have to pay more than twenty-six times the amount which the Government will receive as revenue.

Under many of these schedules the Government will receive as revenue less than 4 cents on the dollar of what the tariff will cost the people.

An examination of the data will show that the American manufacturers are shipping abroad, paying freight, and selling in the open markets of the world 7 per cent of their products, and that they are selling abroad more than four times as much as the foreigner is selling in this market; and with a duty of from 15 to 80 per cent, these industries pay their workmen only about 20 per cent of the value of their product.

It is preposterous for anyone to claim that the effect of imposing the high duties carried in this bill will be other than to restrict and limit our foreign trade and reduce exports as well as largely prohibit imports.

In view of those facts, I again insist that this is no time and there is no warrant or justification to press for higher duties and to repeal the existing tariff law of 1913 and enact a permanent law, increasing the burdens of the people by the excessive duties which are proposed in the pending measure. I ask to have the statement from the Manufacturers News printed in the RECORD.

The PRESIDING OFFICER (Mr. STERLING in the chair). Without objection, it is so ordered.

The statement is as follows:

Industrial establishments increased in the United States 14,314 from 1914 to 1919, according to the fourteenth annual census of manufactures, which has been completed by Eugene F. Hartley, chief statistician of manufactures for the Government. The average number of wage earners increased more than 2,000,000, while invested capital increased $21,778,613,834 and wages $6,455,067,907. The cost of materials used by the 14 groups of industries covered by the census increased $22,998,291,452, and the value of products went from $24,246,434,724 to $62,418,078,773, an increase of $38,171,644,049. The value added by manufacturing increased in the five years $15,163,352,597.

The manufacture of vehicles for land transportation led all the other industrial groups in growth. In 1914 there were 9,909 such establishments in the United States, but the number in 1919 was 21,152, an increase of more than 11,000 plants and shops, while the increase in invested capital in vehicle manufacture jumped more than $1,500,000,000. The number of persons employed in vehicle manufacture more than doubled and the pay roll increased nearly $500,000,000. The cost of materials used was nearly $2,500,000,000, the actual increase being $1,911,555,411. The increased value ran well over $3,000,000,000.

The number of plants manufacturing leather and leather products decreased 361; paper and printing plants decreased 793, and more than 2,000 establishments producing stone, clay, and glass products disappeared from the industrial field, either entirely or as the result of mergers. Tobacco manufacturing plants decreased by 3,660 and chemicals and allied products plants were reduced by 150. These increases and decreases undoubtedly have changed since 1919, but the census at least shows the remarkable industrial changes during the five years from 1914 to 1919. The following table shows the comparisons of the 14 groups and the comparisons in grand totals:

Statement showing growth of United States manufactures.

GRAND TOTAL FOR 14 GROUPS OF INDUSTRIES.

Year.	Number of establishments.	Average number wage earners.	Capital.	Wages.	Cost of materials.	Value of products.	Value added by manufacture.	Primary horsepower.
1919	290,105	9,096,372	$44,569,593,771	$10,533,400,340	$37,376,380,283	$62,418,078,773	$25,041,698,490	29,507,117
1914	275,791	7,036,247	22,790,979,937	4,078,332,433	14,368,088,831	24,246,434,724	9,878,345,893	22,470,872

FOOD AND FOOD PRODUCTS.

1919	61,312	684,672	$4,635,149,885	$722,539,843	$10,111,546,824	$12,438,890,851	$2,327,344,027	2,571,257
1914	59,317	496,234	2,174,386,295	278,009,375	3,828,511,989	4,816,709,664	988,197,675	1,994,983

TEXTILES AND KINDRED PRODUCTS.

1919	28,552	1,611,309	$6,096,161,183	$1,482,326,820	$5,382,079,303	$9,216,102,814	$3,834,023,511	3,274,090
1914	23,463	1,507,374	2,836,279,203	676,459,736	2,015,501,950	3,447,997,219	1,432,495,269	2,752,051

IRON AND STEEL AND THEIR PRODUCTS.

1919	20,120	1,585,712	$8,711,843,201	$2,193,203,301	$4,815,885,004	$9,403,634,265	$4,587,749,261	8,082,692
1914	17,719	1,061,058	4,281,997,816	723,162,595	1,762,312,126	3,223,142,260	1,460,830,134	5,537,842

Statement showing growth of United States manufactures—Continued.

LUMBER AND REMANUFACTURES.

Year.	Number of establishments.	Average number wage earners.	Capital.	Wages.	Cost of materials.	Value of products.	Value added by manufacture.	Primary horsepower.
1919	39,955	839,008	$2,590,045,756	$847,031,570	$1,359,998,567	$3,070,072,813	$1,710,074,246	3,417,941
1914	42,036	833,529	1,723,454,491	440,308,223	762,351,252	1,599,711,856	837,360,604	3,185,861

LEATHER AND FINISHED PRODUCTS.

1919	6,397	349,362	$1,554,502,458	$363,453,419	$1,713,807,336	$2,610,230,727	$896,423,391	389,130
1914	6,758	307,060	743,347,171	169,357,560	753,135,354	1,104,594,557	351,459,203	317,887

PAPER AND PRINTING.

1919	36,403	509,875	$2,423,400,111	$564,509,917	$1,306,717,793	$3,012,583,990	$1,705,866,197	2,351,224
1914	37,196	452,900	1,433,176,595	296,491,824	580,717,205	1,456,046,889	875,329,684	2,051,984

LIQUORS AND BEVERAGES.

1919	6,354	55,442	$781,571,615	$66,139,716	$222,776,314	$603,895,215	$381,118,901	415,361
1914	7,562	88,152	1,015,714,498	69,123,819	246,189,012	772,079,978	525,890,966	525,769

CHEMICALS AND ALLIED PRODUCTS.

1919	12,224	427,008	$5,617,738,265	$493,744,382	$3,747,674,883	$5,610,299,073	$1,862,624,190	2,043,525
1914	12,374	299,569	3,034,208,965	167,494,367	1,289,346,253	2,001,634,881	712,288,628	1,497,831

STONE, CLAY, AND GLASS PRODUCTS.

1919	12,529	298,659	$1,262,211,569	$328,559,462	$408,570,822	$1,085,528,926	$676,958,104	1,569,719
1914	14,747	334,612	987,330,674	205,419,894	238,734,726	614,161,879	375,427,153	1,490,975

METALS AND METAL PRODUCTS.

1919	10,667	339,469	$1,796,669,418	$394,627,827	$1,910,034,506	$2,760,293,568	$850,259,062	988,688
1914	10,023	262,154	1,013,631,954	166,894,654	1,023,353,386	1,417,042,907	393,689,521	575,025

TOBACCO MANUFACTURES.

1919	10,291	157,097	$604,839,572	$123,988,084	$483,567,754	$1,012,933,213	$529,365,459	43,397
1914	13,951	178,872	303,840,252	77,856,100	207,133,584	490,165,222	283,031,638	38,737

VEHICLES FOR LAND TRANSPORTATION.

1919	21,152	495,939	$2,423,239,470	$689,475,462	$2,498,225,514	$4,058,911,515	$1,560,686,001	880,496
1914	9,909	263,076	803,495,818	197,077,133	586,670,103	1,034,497,001	447,826,898	454,921

RAILROAD REPAIR SHOPS.

1919	2,368	515,709	$776,844,315	$726,690,466	$547,828,694	$1,354,446,094	$806,617,400	648,345
1914	2,011	365,902	417,706,110	253,149,943	261,438,181	552,617,790	291,179,609	478,983

MISCELLANEOUS INDUSTRIES.

1919	21,781	1,227,111	$5,295,376,953	$1,537,110,071	$2,867,666,969	$6,180,255,709	$3,312,588,740	2,831,252
1914	18,725	585,755	2,022,410,095	357,527,210	812,693,710	1,716,032,621	903,338,911	1,568,020

New York City's factories produce one-twelfth the value of all manufactured goods in the United States. They turn out more than twice and a half as much as Philadelphia and 45 per cent more than Chicago, says the Review of Industry. The city has 32,590 factories employing 825,056 workers, and producing annually goods valued at $5,260,707,577. These factories pay $2,800,000,000 a year for raw materials, more than $1,000,000,000 in salaries and wages, and the average pay per person is $1,372.02 a year. The city manufactures about 90 per cent of the country's lapidary work, 80 per cent of its pipes and tobacco, 54 per cent of its pens, one-third of its lithographing, approximately a third of its mirrors and jewelry, over 29 per cent of its pianos, 23 per cent of its professional and scientific instruments, 17 per cent of its ivory, shell, and bone work, 13.5 per cent of its coffee and spices, 12.9 per cent of its wooden-boat building, and 10 per cent of its knit goods. By groups the apparel industries lead, with a total of $1,822,785,577. Food products come second, with a total of $602,649,499. Metal industries with $435,930,943, leather products with $123,280,584, and paper products with $104,897,317.

THE MUSCLE SHOALS PROJECT.

Mr. CARAWAY. Mr. President, some rather peculiar things happen in the United States Senate. Contrary to expectations, the dye monopoly failed to receive an indorsement. No one yet seems to be able to figure out how it missed its calculations. That, however, is not quite so remarkable as an occurrence which took place in the Committee on Agriculture and Forestry this morning, on which I wish briefly to comment. How it is that the dye monopoly should lose and the Fertilizer Trust win is one of the things that I presume we shall know after awhile; but in the Committee on Agriculture and Forestry, where the question was to be determined whether the great natural asset which the Government has at Muscle Shoals should be utilized in order to help the agricultural interests of the country, or should be stifled in its development in order that the Fertilizer Trust should continue to take an unrighteous profit from the American farmer, was determined in favor of the Fertilizer Trust. That a committee which was presumed to be sympathetic toward the needs of farmers—and I am not criticizing the members of the committee individually—should have refused by a number of record votes, which

it was agreed should be made public—and therefore I may discuss the action of the committee—to prevent any kind of development of Muscle Shoals, is more than I can understand.

If the committee had been in favor of some concrete plan, something that looked toward the final utilization of Muscle Shoals, I could understand that, whatever the conclusion might be; but that a committee, after having heard testimony for seven or eight months, all of which agreed that some use should be made of this great power dam, should then refuse to make any use of it, is something for which I shall wait for an explanation.

The peculiar thing about it, however, was that, under an agreement as to absent Senators and how their votes should be cast, if permitted to be cast at all, under the ruling of the Chair a proxy was permitted to be voted to determine whether it was a proxy or not. It was as illogical as to permit the defendant to sit on the jury to determine whether he was guilty of the charge upon which he was being tried.

Under that kind of parliamentary ruling it was determined to do nothing with this great natural resource. It was determined by a very narrow margin to permit the Fertilizer Trust for years to come to take toll of every farmer in America, and, incidentally, after the farmer has been robbed, to a certain extent at least, this charge will be passed on to the consumer.

I think every American man, woman, and child were interested, directly or indirectly, in what we did this morning. I think the great majority of them wanted the Congress to do something with Muscle Shoals; but, to the astonishment of everyone, the committee decided to do nothing, and voted down every proposition offered. Senators after saying they wanted something done with Muscle Shoals voted against every offer made. They voted against a lease to Ford; they voted against a lease to the Alabama Power Co.; they voted against Government development. What reasons actuated them I shall of course leave for them to say, but I am sure that they are going to find it necessary to give to the American farmer, at least some explanation.

Notwithstanding what I shall read—because I shall make no application of it—on appeal the one from whose ruling the appeal was taken voted to sustain his own ruling, and, as I have said, a proxy, whether it should be counted as a proxy or not, was voted in favor of the proxy. If anybody can figure out how that should happen, of course I shall leave it for him to say.

In Jefferson's Manual, which I understand has been to a large extent accepted as a sound exposition of parliamentary usage, I find this:

> Where the private interests of a Member are concerned in a bill or question he is to withdraw. And where such an interest has appeared his voice has been disallowed, even after a division. In a case so contrary, not only to the laws of decency but to the fundamental principle of the social compact which denies to any man to be a judge in his own cause, it is for the honor of the House that this rule of immemorial observance should be strictly adhered to.

The application I shall not make, because it will be apparent a little later. I know that there was an absent Senator who sent a telegram here on Tuesday of this week saying that he did not know enough about the matter to record his vote on either side, and, without any opportunity to know anything more about it to-day than he knew then, a telegram, without directing how he should be voted, but permitting another Senator to vote for him, was sent, and he was voted against every proposition that had any possibility of succeeding. He was made to appear to be so inconsistent as knowing nothing Tuesday about the matter at all, but to-day being voted against everything that looked to any development of this great project.

It is more than just a local matter. Everybody who has taken the time to study it knows that the so-called Fertilizer Trust has every agriculturist in America at its mercy. I say "mercy" only in the sense of in its power, because it has been disclosed that it has no mercy. It is known—I do not care what excuse may be offered—that the development of a supply of nitrogen is absolutely necessary if the farmers are to be relieved from this exorbitant, unrighteous tax that has been levied upon them; and yet a committee made up of men every one of whom expressed a desire to be helpful voted down every proposition that was offered, and makes us appear in the very ridiculous attitude of saying that "We want to do something, but whatever we want to do you can not guess, and we will not tell."

A little bit later I am really going to say something about it. Now it is sufficient to suggest that the combination in the committee was to defeat the Ford offer, which is the only real offer to release the farmer which was before the committee.

THE TARIFF.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7456) to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee, which will be stated.

The ASSISTANT SECRETARY. On page 122, line 6, it is proposed to strike out the word "thread" and to insert the same word with a comma and the following words:

> One-half of 1 cent per hundred yards.

The amendment was agreed to.

The PRESIDING OFFICER. The next amendment of the committee will be stated.

The ASSISTANT SECRETARY. On line 9, it is proposed to strike out the word "yards" with a semicolon following it, and to insert the same word with a comma.

The amendment was agreed to.

The ASSISTANT SECRETARY. On line 11, the committee proposes to strike out "17 nor more than 33⅓," and to insert "20 nor more than 35," so that, if amended, it will read:

> *Provided*, That none of the foregoing shall pay a less rate of duty than 20 nor more than 35 per cent ad valorem.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee as modified.

Mr. LENROOT. Mr. President, when the Senate last considered this paragraph, day before yesterday, I offered an amendment to it. The committee has now proposed an amendment similar to that which I offered, making the minimum ad valorem 20 per cent, instead of 25 as originally proposed and 17 as proposed in the House bill, the 17, however, being upon the American valuation and the 20 being upon the foreign valuation; and I shall now support the committee amendment.

I want to say in this connection that it is very clear that it is the 20 per cent that will apply to the rates in this paragraph; and I do not believe that the time will ever come so long as this bill shall be in operation when a higher rate than 20 per cent will apply, although the paragraph does contain a maximum of 35.

I may say in this connection that during the year 1921 the imports and exports very nearly balanced, the imports being in value $1,980,000, and the exports being $2,055,000. I think I ought to say in this connection, too, that more than half of these imports came from France during 1921, evidently being the high embroidery threads. While personally I should have preferred to see the House rate remain, I am not inclined to make any contest over a difference of 3 per cent, and I shall support the committee amendment.

Mr. SIMMONS. Mr. President, may I ask the Senator a question? The Senator says, and probably correctly, that the minimum rate is the only one that probably will be operative. That being so, does the Senator see any reason why we should have any maximum rate?

Mr. LENROOT. I am very frank to say that in this particular paragraph I do not think the maximum rate means anything.

Mr. SIMMONS. Why should it not be stricken out, then?

Mr. LENROOT. It can do no possible harm, however.

Mr. SIMMONS. A condition might arise where the maximum rate might possibly take effect. I do not know.

Mr. LENROOT. That could not be, because if the specific rate went over 35 and the 35 were stricken out, it would take the higher rate, so the only effect of the maximum would be that if by any possibility the price of this thread should go so low as to make a higher rate apply, here would be a maximum. It can do no possible harm, but I am very frank to say that I do not think it ever will apply.

Mr. SIMMONS. I want to say that while the committee have imposed this maximum rate that is not the rule generally adopted. They have generally imposed a minimum rate. Why did you impose both a minimum and a maximum rate in this particular case and not in other cases?

Mr. SMOOT. Mr. President, there are some other cases in the bill; but I will repeat what I have already said, that I wanted a maximum rate, because if the price of cotton declines to the price that prevailed in 1910 the equivalent ad valorem would be 43 per cent, and I do not want it at any time any higher than 35 per cent. It is a limitation.

Mr. LENROOT. It can do no possible harm, and the 35 per cent can by no possibility increase the duty in any event.

Mr. SIMMONS. I do not know, Mr. President, that it can do any harm. I do not think it can do any good. I should very much prefer that we had one rate; but, of course, the

committee have fixed it that way, and I think probably they have had an understanding on the other side of the Chamber to accept these amendments, and as a result of that understanding it probably would be futile for us to call for a yea-and-nay vote. Unless the Senator from South Carolina desires to ask for a yea-and-nay vote, I shall not myself ask for it.

Mr. SMITH. Mr. President, I do not think it will be necessary. I think it would be a futile thing. We have made our protest here. I think the Senator from Wisconsin is absolutely right when he says that the House provisions ought to prevail—that is, that the Senate ought to be willing to accept the House provisions, in view of the showing that has been made here as to the intrenchment of the manufacturers producing this article. I am perfectly willing, however, for the other side to take the responsibility, in view of the showing that was made here, and content myself with voting against it. I am on record in what I have had to say.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The next amendment of the committee will be stated.

The ASSISTANT SECRETARY. Two amendments have already been agreed to in paragraph 903. On line 19, the comma has been removed after the word "pound," and on line 24 the numerals "100" have been changed to "80."

On line 24, the committee proposes to strike out "9" and to insert "15," so that, if amended, it will read:

Provided, That none of the foregoing, when containing yarns the average number of which does not exceed No. 80, shall pay less duty than 15 per cent ad valorem.

Mr. LENROOT. Mr. President, exactly the same argument applies to this item so far as the threads of lower count are concerned that applies to the controversy that we had with reference to yarns; and I can find no justification anywhere in the reports of the Tariff Commission or in an examination of a table of imports and exports for the increase that is proposed by the committee. Taking a count of 40, if the increases proposed by the committee shall be adopted it will mean a 25 per cent ad valorem rate imposed upon all cloths with a count of 40.

What are the facts with reference to imports and exports, and what are the facts that justify any such increase as is proposed by the committee?

I want to take a little time—I shall not take very much—in calling attention to the reports of the Tariff Commission with reference to certain of the cloths that are included in this paragraph. In one of their information surveys they divide the cloths in this paragraph into three groups:

Group I, average yarns, 40s to 80s.
Group II, average yarns, 80s to 120s.
Group III, average yarns, 120s to 250s.

I am speaking of Group I, which is the one now under consideration. They say:

This group contains all the long cloths, the heavier typewriter cambrics, coarser nainsooks, and ordinary lawns. The domestic industry dominates the home market, exporting in increasing quantities, by virtue of large-scale production. The normal imports are negligible compared to those of Groups II and III, and are confined to cloths of special finish or textures, as organdy or typewriter cambric. The abnormal postwar demand in combination with price conditions temporarily broke down the normal limits of competition, allowing the importation of cloths of this group in quantities far beyond the normal.

Mr. President, the importations in 1920 were very large, but the Tariff Commission reports, as a reason for those imports being very large, that the demand was greater than our own mills could supply.

Now, as to these cloths—and remember, these cover only the unbleached cloths, not printed, dyed, colored, and so forth—let us see what the imports were.

In 1921 the total imports of all cloths under this paragraph amounted to $3,800,000, in round numbers, while at the same time we exported to the value of $19,609,000. In other words, our exports were six times our imports, and yet it is proposed by this amendment to increase the duty to 25 per cent ad valorem. This, again, is one of the instances where it seems to me the committee can not justify the increase in the rate that is proposed. The rate on the unbleached, under the Underwood law, runs from 7½ per cent to 27½ per cent. The average ad valorem on the unbleached, not made of long staple cotton, was 23 per cent, based upon the 1921 imports, and that includes all counts, of course. Most of them are the higher counts, as I think the Senator from Utah will acknowledge. That is to say, the very large majority of the imports which come in under the entire paragraph are of the high counts, and the imports of the low counts are negligible and nominal.

I shall not take the time of the Senate this afternoon to go into a discussion of the occasion for such imports as there are of these lower counts, but the Tariff Commission explains them very fully, and gives as a reason for the imports of these lower counts, and why there are any, in view of our very large exports, the fact that where there is a very limited demand for a certain design, where some one wants a limited quantity of the design furnished by him, the American manufacturer will not take the order unless the purchaser is willing to give an order for not less than 8,000 square yards, while the English manufacturer will take an order for any amount, and make his price. The American manufacturer depends upon quantity production and low cost, with his automatic looms, and has no desire to deal in very small orders, whereas in England they will take any kind of an order, which accounts in large part for the amount of imports which do come in.

I am not going to take further time in discussing this question, unless there be something to reply to later on; but the rate in the present law is practically prohibitive, and that being so, and this being an article of universal consumption in the United States, I can not and shall not vote for an increase in the rate such as is proposed by the committee.

Mr. SMITH. Mr. President, it seems to me that the position taken by the Senator from Wisconsin [Mr. LENROOT] is aside from the argument that these rates are inexcusably high and that we must keep the parity between the yarn that enters into the cloth and the cloth which is made out of the yarn. The Senate has restored the House rates in practically all of the yarn paragraphs. The relation of the yarn counts which enter into the cloth to be manufactured was scientifically adjusted, and the Senate in amending started with the yarns, and then, when they reached the cloth paragraphs, they amended them in a like manner. Therefore, as the Senate has acted upon the yarn paragraphs, if they leave this cloth paragraph as it is they will have the rates out of all proportion; in other words, they will have a higher protective duty on the cloth made out of a given yarn than they will have on the yarn out of which the cloth is made.

I have from the Tariff Commission a diagram showing the relative schedules of the yarns and the cloth made out of the yarns, and the gradation is scientifically exact. In making these amendments the Senate adjusted the matter by raising the lowest count yarn and then made a like raise in the cloth made from that yarn. Now we have arrived at the cloth paragraph, and the House provision should obtain.

But before we take a vote on this amendment, I want to read into the record a statement covering the very point the Senator has mentioned.

The Senate Finance Committee has used as a basis the progressive system of specific and ad valorem rates of duty that were placed by the House in paragraph 903—

Senators will notice that this is the same progression found in the yarn—

but not satisfied with these high rates, they have added to them by four different methods.

I want to call the attention of the Senate to these specific ways of gerrymandering:

First, they have, in paragraph 903 itself, added 5 per cent ad valorem for cloths of which as much as 40 per cent of the surface is vat dyed.

Second, they have, in the last sentence of paragraph 904, changed the method of determination of the average yarn count, thereby incidentally destroying the comparability of import statistics, so that the average yarn count of any cloth will become 5 per cent higher than what it is now worked out under the Underwood bill.

That is, by abandoning the yarn count, and counting the length of the thread when woven into the cloth, making it 800 in place of 840.

Mr. SMOOT. That has been disagreed to.

Mr. SMITH. Has it been disagreed to in these two paragraphs?

Mr. SMOOT. That was a provision in the bill which applies to all these paragraphs and the committee have disagreed to it. Therefore, there is no need to discuss that provision, because, as I stated day before yesterday, I think the committee has disagreed to it, and I have offered an amendment to strike that provision of the bill out.

Mr. SMITH. I am very glad to know that even that little mite is saved. I read further from this statement:

Third. They have added, in paragraph 905a, cumulative rates of 12 per cent ad valorem on coarse cloths and 15 per cent ad valorem on medium and fine cloths, when made with eight or more harness, or with drop boxes, Jacquards, lappets, or swivels. These cumulative rates will apply to at least a third, possibly a half, of the total imports of countable cotton cloth. There are no swivel looms in the American cotton industry, and the object in adding 15 per cent ad valorem to noncompetitive cloths, such as the dotted Swisses that are worn for summer dresses, has not been explained by the committee.

Just at this point I want to say that the Senator from Utah stated the other day that the dotted Swiss cloth had gone out of style. I dislike to think that as up-to-date a Senator as the

Senator from Utah has indicated the women of his country with being out of date. I do not know that he does as some people do—not to say that I do—walk on F Street sometimes and see the vast array of American beauty. Most of it is wonderfully enhanced by being clothed in dotted Swiss. I think if the Senator will just take a promenade up and down F Street at the proper hour of the day or evening he will be convinced of the fact that our American beauty is wonderfully enhanced by dotted Swiss.

Mr. SMOOT. Evidently the Senator from South Carolina has not been on F Street in the last eight months, because the style in dotted Swiss went out, and the importations now do not amount to anything. If the Senator were up to date, I am quite sure he would say that is true. I ask him to go on Connecticut Avenue or Massachusetts Avenue to-morrow, if he can, on the Sabbath Day, and see how many dotted Swiss dresses he will find.

Mr. SMITH. I will admit that my sight is not as good as it used to be, and it may be I was so taken up with the faces that I was not looking particularly at the dresses.

Mr. POMERENE. It is quite evident that both the Senator from South Carolina and the Senator from Utah have an eye for the beautiful.

Mr. SMITH. And it is so wonderfully enhanced, and the modern method of dressing is so enticing, that one is inclined to see just what manner of cloth is used in the dresses. But I am persuaded to believe, according to the actual figures of the imports, that the Senator from Utah is absolutely wrong in his statement as to the imports of these goods. I read further from the statement:

> Drop-box fabrics, such as ginghams and checks, also do not need any special rate inasmuch as the larger part of such fabrics is made here cheaper than abroad and imports consist almost entirely of goods, such as the fine Scotch ginghams, that are made of finer yarns and sell here at higher prices than the nearest comparable domestic fabric.

The Senator from Wisconsin covered the identical point I intended to emphasize. I have here the figures of the Cotton Manufacturers' Interests of the United States, the Harvard series, and they dwell on the specializing of the English manufacturers in producing a small quantity of anything which any customer may want, any particular form, whereas in America we have practically standardized our goods, just as Mr. Henry Ford has standardized his car, and the public are taking those standardized goods in volume, and at prices with which the world can not compete.

One reason why the American manufacturer is not competed with by these Englishmen is that he does not care to go to the expense and trouble of changing his loom or his machinery to adapt himself to the changing whims of fashion. On the other hand, those goods we import are imported here at a higher price than the American manufacturer can make those goods for.

Mr. SMOOT. I want to say to the Senator that the reason why England does that is because of the fact that she has the world's trade, and she can make a class of goods larger in quantity, even though they be specialties, than can the United States, because of the fact that we do not export them. That is exactly the same as the making of a piece of goods of any kind in the United States. One mill can not go to work and make a few pieces of cloth, no matter what price may be paid for it, but if they can have a wide trade within the United States, in different sections of the country, which will take enough to justify them making any one special line, they are only too glad to do it.

Mr. SMITH. But the fact remains, and the Senator can not gainsay it, that in spite of the Payne-Aldrich law, the Dingley law, and all the other protective tariff provisions we have had, our mills have not engaged in the production of this kind of goods.

Mr. SMOOT. I can not agree with the Senator.

Mr. SMITH. The figures of the imports and exports show it. We do not produce the goods.

Mr. SMOOT. I can not agree with the Senator. We do produce these higher-priced cotton goods, just as fine as are produced, with the exception of ginghams, and there is no spot in the world which produces them better and finer except one place, and that is Scotland. But that is only one kind of goods, and a plain kind at that, as to the pattern.

Mr. SMITH. Mr. President, before we are through with this schedule I shall have inserted a statement from those who have made a study of this, showing that we do not engage in that manufacture because it does not suit the particular genius of American manufacturers, and in spite of the protection we did not take advantage of it, because we were more profitably engaged in manufacturing another line of standardized cotton goods. Of course, the tariff on those goods tends to enhance the price all along the line.

Mr. LENROOT. Mr. President, will the Senator yield to me a moment?

Mr. SMITH. Certainly.

Mr. LENROOT. With reference to what the Senator is saying now, I thought I had at hand when I had the floor corroboration of the statement that I made with reference to quantity of production and the foreign manufacturer being willing to produce in very small quantities. I find in the Tariff Information Survey the following statement:

> Real competition between domestic and imported ginghams exists only in a small section of the domestic gingham trade, and is confined to ginghams above 40's actual average yarn count and above 140 threads to the square inch. These divide naturally into two classes, "shirting ginghams," with a fairly constant demand, and "dress ginghams," with a varying demand. * * * The marketing of new or novelty patterns, so necessary in keeping ginghams popular, is hazardous, especially in large quantities. Should the pattern not be acceptable to the buying public the goods would have to be sacrificed, and must, therefore, be tried out in small quantities of any particular pattern and color. Domestic manufacturers, because they are organized for large-scale production, can not afford to produce in this manner. Foreign manufacturers on the other hand have always produced in small quantities of any one pattern and color. The minimum amount which the domestic manufacturer will produce, if he is willing to accept special orders at all, is 8,000 yards of a pattern and color, and he will not give exclusive pattern rights. Foreign manufacturers will weave to special order, giving exclusive rights on a pattern and color combination as low as 300 yards.

Mr. SMITH. May I ask the Senator a question? Is not that, then, a question of trade policy rather than tariff?

Mr. LENROOT. Exactly.

Mr. SMOOT. Oh, Mr. President, I do not want the Senator to make that statement, because the reason for that is that England has a trade that enables her to take an order for 300 yards from one person, but that does not mean that she only makes 300 yards of that kind of goods. She has the world market.

Mr. LENROOT. The only point I wished to make is that a very considerable portion of the imports that do come in constitute the special orders that our own manufacturers would not take.

Mr. SMITH. They would not take them, because they do not have the ability to handle them or the desire to accept such small orders.

Mr. SMOOT. They can not afford to take them, nor could a woolen mill go to work and make a new pattern cloth for a 300-yard order; they can not do it. They can not make cotton cloth in that way. But England has the markets of the world. She does not make 300 yards only of a certain pattern of cloth and sell it to one buyer in one State of the United States, or in South America, or in Canada, or in Australia. She makes not only that 300 yards but, having the world for a market, she will make a thousand times that number of yards.

Mr. LENROOT. So do we.

Mr. SMOOT. Oh, no; not of this kind of goods.

Mr. LENROOT. I am speaking of the coarser goods.

Mr. SMOOT. But these are not the coarse goods.

Mr. LENROOT. They are the coarser ginghams.

Mr. SMOOT. Ginghams of the kind here are the Scotch ginghams. They are made in Scotland. They do not make them in this country.

Mr. LENROOT. The point I wish to make is that it is not an injury to the American manufacturer to have the special orders go over to England for a given pattern and come back here in small quantities, because if that pattern then becomes popular in the United States and there is a demand for a large quantity in the United States, the American manufacturer will then manufacture that pattern in large quantities.

Mr. SMOOT. But the patterns change every year.

Mr. LENROOT. Of course.

Mr. SMOOT. Samples that are shown are made perhaps six months before a piece of goods is delivered to any industry in this country or anywhere else, and it is only during one year that that particular pattern would be in vogue. The American manufacturer has got to make the goods and offer samples to select from the same year that they are made by the foreign country or he can find no purchasers.

Mr. LENROOT. Of course, the Senator is an expert in woolens and I am not, except that I have studied the question through two tariff revisions. I ask the Senator whether it is not true that there are patterns which are novelties in the beginning and which run through cycles of two or three or four years with very large demand?

Mr. SMOOT. I will say to the Senator that this paragraph has nothing whatever to do with that class of gingham. It applies to bleached and unbleached cloths. It is not figured cloths at all. There is nothing fancy involved, so far as the two paragraphs of the section are concerned.

Mr. LENROOT. That is true.

Mr. SMITH. Mr. President, this controversy got off into the question of these extra designs.

Mr. SMOOT. Dotted Swiss?

Mr. SMITH. Yes, of which the Senator says we do not partake.

Now, resuming the statement from which I was reading:

Drop-box fabrics, such as ginghams and checks, also do not need any special rate inasmuch as the larger part of such fabrics is made here cheaper than abroad and imports consist almost entirely of goods, such as the fine Scotch ginghams, that are made of finer yarns and sell here at higher prices than the nearest comparable domestic fabric.

Jacquard fabrics are imported in negligible quantities so the additional duties on such goods is not a matter of any importance. The additional rates on fabrics woven with eight or more harnesses, however, cover the largest item of import, the cotton venetian lining, and eight harness sateens intended to be finished into such linings. The production of such fabrics in the United States has largely increased since 1914 and imports have been confined more and more to the finest qualities so that the Underwood duty appears ample. This provision for fabrics, woven with eight or more harnesses, also cover dobby cloths, of which there is a substantial import, but one which is very small as compared with domestic production.

The cumulative rates of paragraph 905a appear totally unnecessary on top of the increase in rates in paragraph 903 itself. It should be remembered that the great bulk of imported cotton cloths sell on the American market at higher prices than the nearest comparable domestic fabric, because imports are mainly due to superiority, or at least difference from the domestic in quality, finish, or fineness of yarn count.

Fourth. They have given a compensatory duty of 10 cents a pound, to be tacked on to all the other duties mentioned, to cloths containing cotton of 1⅜ inches or longer. This is because a totally unnecessary duty of 7 cents a pound has been imposed on such cotton in paragraph 900. As shown in the report just issued by the Tariff Commission, entitled "The emergency tariff act and long-staple cotton," the imported "Sakellarides" cotton from Egypt does not undersell the American-Egyptian cotton known as "Pima." No. 2 Pima cotton is selling to-day at about 37 cents, about the same price as when the so-called emergency tariff act was passed, but the landed price, without duty, of fully good Sakellarides has gone up from about 36 cents to about 47 cents, due to world demand. The imported cotton was therefore selling on the American market at a higher price than Pima before the emergency act went into force and, even without the duty, is now selling at a considerable higher margin. The only result of this duty, and the compensatory duty entailed thereby, is to increase the cost to the American people of goods made of such long-staple cotton, and to retard the development in this country of the weaving and export of such fine cloths.

The system of duties worked out in paragraph 903 appears to be based on a logical and coordinated plan, even though the rates inserted in the ad valorem sections are inordinately high, but, having worked out such a system and inserted rates of duty, why has the Finance Committee attempted to edge up its own rates here and there and there and there by four different devices? It would appear as if these patches must have been put on by manufacturers, especially gingham and venetian manufacturers, against the wish of the committee, for otherwise they would have been incorporated in a single set of logically adjusted rates that would apply equally to all.

Taking this paragraph, the whole subject involved has already been decided in the votes on yarn. It is not necessary for us to repeat the vast amount of cloths produced in this country in excess of any importations. The only importations that we ever have that amount to anything are the cloths that have been shown here by the Senator from Wisconsin [Mr. LENROOT] and by excerpts from standard writers to be those that our manufacturers do not engage in the production of at all—novelties and specialties; as to the foreigners, they are willing to take a chance on creating the machinery and going to the trouble of producing—and which sell higher in this country when imported than any comparable fabric that we have here. Yet we impose a duty here that runs the whole gamut of cotton cloths, in the manufacture of 80 per cent of which we have not a competitor in the world. We can manufacture and undersell any manufacturer in any part of the world.

I want to repeat, just as I said the other day in opening the debate on the cotton schedule, that we must not forget that 90 per cent of the spinnable cotton of the world is produced in America, and 70 per cent of all the kinds of cotton produced in the world are produced in America. That cotton is produced by American labor. The land is owned by American citizens. The whole world has to come to America to get its raw material. I submit to the Senate and to the American people that it is an indictment against the common sense, the common business sense of the country. We have a monopoly of the raw material, and the only competitor of whom we have any fear at all is the United Kingdom, Great Britain, whose civilization is on a par with ours, if not in some respects, as to education, superior, whose labor unions are in advance of ours, whose living conditions are as highly civilized as ours. They have to come 3,000 miles across the ocean to buy their raw material from us, transport it, convert it into the finished cloths, and yet we stand here declaring that we must erect a tariff wall against English competition when we have a monopoly of the very raw material out of which she is to spin her finished products.

It is true that practically all that is imported into this country, or the greater per cent of it, comes made out of cotton not produced in America, and which we could, until the action of the Senate the other day, get as cheaply as or cheaper than England could get the same identical Egyptian cotton. So that any imports which come into the country are made of Egyptian cotton, and we stand on a parity in getting the raw material. We have the advantage in the volume of goods produced per man, because in this very volume which I hold in my hand here, written by Mr. Copeland, of the Harvard University Series, he says the American manufacturer and the American mill operator produce more per man than in any place in the world; that the machinery is of the very latest design; and the output per man greater than in any mill in the world. Having a monopoly of the raw material, having more than an advantage in the output per man, having an inventive genius in this country equal or superior to any, having every natural facility and advantage in the world, together with monopoly of the raw material, we are erecting a tariff wall to keep Great Britain and civilized Europe from competing with us in the manufacture of goods out of our own materials on our own soil.

I say to you, Mr. President, that I can not see why we should have these duties on cotton cloths that we ought to admit we can make more cheaply and as to which we have no competition. We produce millions and millions of yards, and we preempt the markets of the world with these standardized cotton cloths, and yet in these paragraphs we have practically a prohibitive duty on importations. I sincerely hope that the Senate in voting upon this paragraph will reject the amendment proposed on the part of the Senate committee.

Mr. SMOOT. Mr. President, I simply wish to say that the junior Senator from Wisconsin [Mr. LENROOT] has made a statement that the duties on unbleached cotton cloth and cotton cloth not printed are not now in conformity with the yarn schedule which was adoped on yesterday by the Senate.

Mr. SMITH. If the Senator will pardon me, I should like to hear the statement which he has just made.

Mr. SMOOT. I say that I agree with the statement of the junior Senator from Wisconsin that the duties imposed in the first section of paragraph 903 on "cotton cloth, not bleached, printed, dyed, colored, or woven-figured," do not conform to the action of the Senate yesterday in reducing the rates on the lower-count yarns. Therefore I am going to offer amendments as the items are reached so as to conform to the action taken in relation to cotton cloth yarns on yesterday.

Mr. SMITH. On what line does the Senator from Utah intend to offer an amendment?

Mr. SMOOT. If the Senator will follow me, I will tell him what changes will be made. On page 122, at the beginning of line 24, it has been agreed to strike out "100" and to insert "80." Then, in the same line, where the language reads "shall pay less duty than 15 per cent ad valorem," it is proposed to change 15 per cent to 10 per cent; and where the language continues, "and in addition thereto, for each number," it is proposed to retain "one-fourth"; in other words, the minimum rate will be 10 per cent ad valorem and one-fourth of 1 per cent for each number, which on 80's will be 20 per cent. The total is equivalent to 30 per cent ad valorem.

Mr. SMITH. Does the Senator insist on the one-fourth instead of the one-fifth?

Mr. SMOOT. The Senator will see that on page 122, line 24, the House has fixed the rate at "9 per centum ad valorem, and in addition thereto for each number one-fifth of 1 per centum." That made 29 per cent ad valorem. Now, I propose to change that 9 per cent to 10 per cent, and then to strike out "one-fifth" and insert "one-fourth." On 80's that would make the rate 30 per cent. The committee propose to reduce the 40 per cent, in line 2, on page 123, to 30 per cent, which will make the paragraph conform to the action already taken according to the number of yarns in the cloth.

The PRESIDING OFFICER. Then does the Senator from Utah move——

Mr. SMITH. Just one moment, Mr. President; I wish to figure this out, so as to ascertain just what the changes are. It has been agreed, as I understand, to reduce the number of the yarn from 100 to 80, and the ad valorem rate to 10 per cent.

The PRESIDING OFFICER (Mr. WILLIS in the chair). The question is on agreeing to the amendment offered by the Senator from Utah on behalf of the committee, which will be stated.

The ASSISTANT SECRETARY. On page 122, line 24, the committee proposes to strike out "9" and insert "10."

Mr. SMITH. Mr. President, it is very evident, of course, that the amendment proposed constitutes a material reduction, but, according to the contention made by the Senator from Wisconsin and as I attempted to explain, the amendments suggested will not keep the yarns and the cloth upon the same parity. If we reduce the 100 to 80 and the ad valorem to 10 per cent and then

leave the one-fourth and put the maximum at 30, the rate on the cloth will be from 3½ to 4 per cent out of line with the rate on the yarn that enters into the cloth. To keep the exact parallel where the rate is based upon 80 counts in place of 100 counts, 27 per cent should be the maximum rather than 30. The House rate was 29 per cent based upon 100 counts, at 9 per cent, with one-fifth per cent for each additional number, so that if worked out according to the percentages, the rate should be about 26 per cent instead of 30 per cent.

Mr. SMOOT. Mr. President, the object of the amendments is to provide a rate of 30 per cent on the unbleached cloth, 35 per cent on the bleached, and then 45 per cent on cotton cloth that is printed, dyed, colored or woven, containing above 80 counts. We do not want to impose a higher duty than 40 per cent on cotton cloth coming into this country, and that is what we have provided for—on unbleached cloth 30 per cent, on bleached 35 per cent, and on the fancy, high-priced novelties and luxuries 45 per cent. I hope the Senate will agree to the amendment.

Mr. LENROOT. Mr. President, will the Senator yield?

Mr. SMOOT. Yes.

Mr. LENROOT. It seems to me that to make the rates harmonize, assuming that the House progressive rate was on a correct basis, we should retain the one-fifth and provide 10 per cent ad valorem and one-fifth of 1 per cent for each additional thread.

Mr. SMITH. That would just about be correct.

Mr. LENROOT. That would make 26 per cent up to 80 counts, and would leave 30 per cent for cloth over 80 counts.

Mr. SMOOT. I want to say to the Senator that I do not believe when we get up to cloth of 80 threads that 30 per cent will be any too much. When the cloth is above 80 threads it gets in the class of very fine goods.

Mr. LENROOT. I agree with the Senator as to that, but the Senator himself only proposes 30 per cent on cloth containing in excess of 80 counts.

Mr. SMOOT. And that is ample.

Mr. LENROOT. Very well; but it is on the higher counts that the highest ad valorem should prevail.

Mr. SMOOT. But I do not want it reduced down to 26 per cent.

Mr. LENROOT. I do not suggest that it be reduced down to that point on counts over 80, but under 80 is where I suggest that we make the additional rate one-fifth instead of one-fourth, which would bring it to 26 per cent.

Mr. SMOOT. Of course, Mr. President, that would make the duty on 80 thread 26 per cent and on 81 thread 30 per cent, and that would hardly be right.

Mr. SMITH. Mr. President, if action could be taken whereby "100" would be retained and the remainder of the House provision, the contention the Senator is making would be met.

Mr. SMOOT. We have got to provide for counts between 80 and 100; there is no question about that.

Mr. SMITH. I suggest that the Senate recede from the amendment substituting "80" for "100," and then the paragraph would be in conformity with the action taken up to the present time, and that would take care of the very point for which the Senator is contending.

Mr. SMOOT. I will say to the Senator from Wisconsin if we do that then we will have imported a great quantity of fancy yarns up to 79; they will not be made up to 80, but will stop just under that mark. What we want to do is to take care of the goods that we know come in here in sharp competition with the American goods in great quantity.

Mr. SMITH. The parity will be preserved by leaving in "one-fifth" instead of "one-fourth."

Mr. SMOOT. I do not care whether a straight line drawn is maintained or not.

Mr. SMITH. It is not a question of a straight line, but we are trying to reduce the rates of duty to the point where they would have some semblance of science and equity.

Mr. SMOOT. They have that now, Mr. President, with the amendments which I have proposed.

Mr. SMITH. I was simply trying to show that a diagram would portray the accomplishment of just the thing we are trying to avoid.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment as modified.

Mr. SMOOT. What is the pending amendment?

The PRESIDING OFFICER. The pending amendment will be stated.

The ASSISTANT SECRETARY. On page 122, line 24, it is proposed to strike out "9" and insert "10."

Mr. SMOOT. That is correct.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment as modified.

The amendment as modified was agreed to.

The PRESIDING OFFICER. The Secretary will state the next amendment.

The ASSISTANT SECRETARY. On page 122, line 25, it is proposed to strike out "one-fifth" and insert in lieu thereof "one-fourth."

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

Mr. LENROOT. Mr. President, on a 40-count cloth, if this amendment is adopted, we will still be imposing a tariff of 20 per cent ad valorem. I very much wish we might upon these lower counts at least preserve this one-fifth. I am very sorry that the committee have not seen fit to make one additional grouping, so as to cover the lower counts. That they have not done. They run from 1 to 80——

Mr. SMOOT. The Senator will notice that the House gave 29 per cent.

Mr. LENROOT. Yes; in excess of 100.

Mr. SMOOT. In excess of 100.

Mr. LENROOT. I am not objecting to the 30 per cent in excess of 100—not at all—but we are imposing an excessively high rate on the counts below 60. That is my point. Can we not let this go over until Monday? I do not think there is very much difference between us here.

Mr. SMOOT. Does the Senator mean also the next bracket of cloth bleached, and so forth?

Mr. LENROOT. Mr. President, if the Senator will give assurance that in conference this matter will be worked out so that there will be a proper relation on the lower counts, I would have no objection to adopting this amendment now; but I do not like to have the amendment adopted imposing——

Mr. SMOOT. I will say to the Senator that in conference if 100 is agreed to instead of 80, of course, then it will fall naturally, as the Senator says.

Mr. LENROOT. That would be true; yes.

Mr. SMOOT. But really, I want to say to the Senator, the keenest competition comes between 80's and 100's.

Mr. LENROOT. I agree with the Senator upon that.

Mr. SIMMONS. Mr. President, I think it would be better to let it go over and work it out. Of course, the Senator intends to do this and that in conference, but he may not be able to do it.

Mr. SMOOT. I did not say that I could do it, but I say it is in conference.

Mr. SIMMONS. Oh, it is in conference, but I do not think it is very good policy to rely upon a conference taking care of things of that sort. I suggest that we let it go over until Monday and see if we can not adjust it.

Mr. President, the little controversy that is going on between Senators on the other side of the Chamber with reference to the adjustment of this rate so as to make it satisfactory to the other side of the Chamber is taking up some time; and to help them out I am going to put into the RECORD a letter which I received shortly after the 22d day of June, and which I ought to have put into the RECORD before, but I failed to do so. It is a letter from the managing director of the National Retail Dry Goods Association. It seems that the executive committee of the National Retail Dry Goods Association entered into a careful consideration of certain charges that were made by the Senator from North Dakota [Mr. MCCUMBER] and placed in the CONGRESSIONAL RECORD with reference to profiteering. This letter was addressed to the Senator from North Dakota [Mr. MCCUMBER], but never by him, I think, put in the RECORD. It is as follows:

NEW YORK, *June 22, 1922.*

Hon. PORTER J. MCCUMBER,
Chairman Senate Finance Committee,
Washington, D. C.

DEAR SIR: The executive committee of the National Retail Dry Goods Association, after having given careful consideration to certain charges made by you, as reported in the CONGRESSIONAL RECORD of June 14 (p. 8709), have unanimously adopted the following statement and directed me to send it to you:

The CONGRESSIONAL RECORD reports you to have said—

1. "The great metropolitan newspapers to-day are attacking the McCumber tariff bill because their prosperity for the moment depends upon the prosperity of their advertisers. With every metropolitan paper the mouthpiece of the importer who buys its advertising pages, the very foundation of the temple of protection is being undermined by this insidious propaganda.

2. "* * * And their advertisers are making fortunes, buying cheaply abroad and selling at tremendously high prices to the American consumer."

The answer to charge No. 1, in effect that the great metropolitan newspares are venal and corrupt, should more properly come from the newspapers; but we desire to record our belief that this charge is untrue and unsupportable and unworthy of the chairman of a com-

mittee as important and responsible as is the Senate Finance Committee. For the good of our American institutions this assertion should either be proven or withdrawn.

We consider it fitting that the National Retail Dry Goods Association should answer your second charge, that of "profiteering," as our membership includes about 2,000 stores, both large and small, situated from the Atlantic to the Pacific, from the Canadian border to the Rio Grande, doing a net business yearly of more than $2,000,000,000. We shall refute this charge, not by mere assertion but by actual published figures determined by the investigations of one responsible, independent organization and by three important Government commissions and agencies.

You base your charge on the presentation of a number of imported articles, such as a cuckoo clock, imitation pearl necklace, kitchen table knife, barber's clipper, linen napkin, electric-light bulb, silver-backed watch, lady's glove, shears, razor, curling iron, paper thermos bottle, English straw hat, cane, carving set, pocketknife, decorated plate, flapjack turner, briar pipe, and smoothing iron. You designate the "spread" between the foreign cost and the retail price of each of the articles of your exhibit as the "profit," as follows: (p. 8711). "Here is a little watch, silver-backed, I think. I do not know whether it is bought by the gross or by the piece. The foreign cost is a dollar, and it is retailed in this country for $9.45. The spread, therefore, is $8.45 and the profit, of course, would be 845 per cent." Without questioning the accuracy of the cost and selling figures presented, or your method of computing them, or whether they are due to depreciation of exchange, the truth as to the "profit" is, of course, entirely different from your statement, because to the foreign cost must be added the cost of foreign buying, inland freight abroad, consular fees, freight, and insurance, duty to the United States Government, customhouse charges, general overhead, the cost of doing business in this country, and Federal and other taxes. The spread between the cost so determined and the price at which the goods are sold is the true profit. Thus it is apparent that every percentage of "profit" of importer and retailer stated by you "in some cases to be upward of 2,000 per cent" is incorrect and misleading. It appears that you have made the error of designating as "profit" the difference between the first cost of the merchandise and its marked retail selling price. How profitable all business would be if there were no expenses!

As to the articles selected to create this impression it can fairly be said that they are not important items or representative of the imports which come into America, nor do they reflect the general condition of the trade. It has been stated on the floor of the Senate that the annual production of clocks in the United States is about $230,000,000, of which there is exported almost $5,000,000 in free competition with the clocks of other countries, while but $500,000, or about two-tenths of 1 per cent, is imported annually in competition with our own clocks. Of electric-light bulbs there was imported in 1921 into the United States about $250,000 worth, there was exported $4,000,000 worth, and there was manufactured in this country about $60,000,000 worth, imports thus being less than one-tenth of 1 per cent. Other examples given are similar.

The truth about the so-called "profiteering" by department stores has been authoritatively proven to be at complete variance with your assertions. In 1920 the United States Department of Justice completed, under the Lever Act, a searching investigation into the charges of retail "profiteering" so widely circulated in the press at that time. Their agents visited practically every big store in this country, called for invoices and statistics of every sort, which were freely supplied by the stores. To the best of our knowledge and belief, out of thousands of department stores investigated, profiteering was found in practically no cases. It is interesting, in view of your charges that the newspapers are controlled by their large advertisers, to note that for a period of six or eight months the press of this country at that time carried on the hue and cry against the retail stores, although the members of our trade were large users of their advertising columns. The investigation by the Department of Justice convinced the press that the charges were unfounded, and the campaign was not only in fairness discontinued but hundreds of papers apologized editorially for the publicity which the newspapers had given to the unwarranted and unsupported charge of "profiteering."

The Bureau of Business Research of the Graduate School of Business Administration of Harvard University conducted an inquiry into the cost of operation in retail dry goods and department stores throughout the United States. We quote from their report:

"Profit and loss statements for the year 1920 were obtained from 305 stores located in 39 States, with aggregate net sales of $535,193,000, varying per store from $71,000 to $29,000,000. The average net profit was shown to be .018 per cent of sales."

In other words, out of each $1 of sales one and eight-tenths cents was retained as profit. Certainly a net profit of one and eight-tenths cents would not be regarded as satisfactory by even the most bitter critic of the retailer.

Nineteen hundred and eighteen was a more profitable year for retailers, as the published figures show. These figures were compiled for the United States Department of Justice by a committee of store controllers representing the National Retail Dry Goods Association. They covered 120 large stores doing an aggregate business of $203,451,000—from $34,000 to $21,000,000 each—and showed an average net profit of five and seventy-one one hundredths per cent before Federal taxes.

The final record about the so-called department store "profiteering" has just been written by the Joint Congressional Commission of Agricultural inquiry appointed to investigate the prices of food, clothing, etc., for the purpose of finding out whether profiteering was going on or whether the spread between the cost of producing and what consumers have to pay was due to other causes. The complete report has not yet been made public, but the commission's findings relating to dry goods and clothing were announced by its chairman on June 14, 1922. Chairman SYDNEY ANDERSON, forecasting the section of the report dealing with retail dry goods stores, says: "Retail dry goods profits are found to have averaged .053 per cent for the nine-year period from 1913 to 1921. From this profit must be deducted such items as shrinkage in inventory value of merchandise, Federal taxes, and stock-moving reductions in response to price declines or movement of stock accumulation."

Thus it is apparent that after the deduction of Federal taxes and merchandise reductions the actual final net profit of department stores for the last nine-year period must have been considerably less than 5 per cent.

The results of these authoritative investigations, three of which were conducted by agencies of the United States Government, establish how untrue and unfair have always been and now are the oft-repeated charges of "profiteering" by department stores, and should suggest the justice of ending such unwarranted attacks against the department stores of this country.

There is no monopoly or combination among the thousands of storekeepers that enables them to charge exorbitant prices. As a matter of fact, competition is probably keener and more unrestricted than in any other line or trade in the country.

We understand the traditional Republican tariff policy to be of sufficient protection for American labor and the American manufacturer to offset the difference in the cost of production here and abroad. The American retail merchant strongly favors such protection, but is convinced that no American manufacturer can honestly ask for more.

That the importance of imported merchandise to retail stores lies in quite another direction than "profits" was shown in the brief which the National Retail Dry Goods Association submitted to the Senate Finance Committee on January 17, 1922, after the committee had denied us a hearing on the tariff bill. In that brief it was stated, "Of the entire membership of the association, a very small proportion only do any direct importing and the total amount of imported commodities, whether directly imported or otherwise, sold in the stores which support the organization has been estimated as probably less than 5 per cent of the entire volume of goods handled by such stores," thus proving conclusively that the department stores are not dependent on imported merchandise for their livelihood. The importance of imported merchandise to the retailer and to the consumer lies in the competition which it gives to domestic manufacturers to hold down prices. Having this in mind, it seems against the public interest to write the tariff duties so high as to eliminate foreign competition and so high as to raise prices to the consumer.

The opposition manifested by retailers and by the country at large to the proposed tariff bill is quite understandable and is based on the necessity of lower and not higher prices for all the necessities of life. When the public refuses to pay the bill all industries are adversely affected. We record again our conviction that the consuming public will not stand for higher prices. As expressed by the Comptroller of the Currency, D. R. Crissinger, before the Maine Bankers' Association, June 17, at Augusta, Me., "The great buying and consuming public is not going to be brought into the market by asking it to pay higher prices when it has already proved unable to pay lower ones."

The National Retail Dry Goods Association is opposed to the proposed tariff because its rates have not been constructed in a scientific, nonpartisan, nonpolitical manner, because it carries higher rates on most finished products than a sound, protective principle requires; because it will tend to raise prices to the consumer; because it will tend to restrict imports necessary to the international commerce of the United States, and in so doing will damage the interests of all those on whose exportable surplus the international price has a vital and direct influence, namely, the farmer, the cotton grower, the producer of metals, the exporting manufacturer, etc.

Inasmuch as your charges against department stores were made openly on the floor of the Senate and printed in the CONGRESSIONAL RECORD, we respectfully request that this entire statement also be printed in the RECORD.

As your charges were given wide publicity in the newspapers, copies of this statement are being given to the press.

Respectfully yours,

NATIONAL RETAIL DRY GOODS ASSOCIATION,
LEW HAHN, *Managing Director.*

That letter, I think, has never been published in the RECORD. It came to me probably about the 24th of June, and I should have put it in at that time; but I put it in my desk and did not find it until a short time ago, and it occurred to me that the hiatus created by this little diversion was a good time to put it in without infringing upon the time of the Senate.

Mr. SMOOT. I think there is one statement in the letter that is altogether too broad. They say they were denied a hearing by the Finance Committee.

Mr. SIMMONS. I do not know anything about that.

Mr. SMOOT. The committee had hearings on the American valuation, as the Senator knows, because he was in the committee when we spent days and weeks upon the American valuation, and, as I remember, after that subject had been closed, and after repetition after repetition had been made by the witnesses on that subject, there was a request made by the retailers' association to open that subject up again, and, of course, the committee refused to do so. I think now they are very well satisfied that they did not, because when the final vote was taken it was shown that there were seven votes in the committee against and three for, and if the committee had given them a week or a month longer on the question of the American valuation it could not have come out differently from the way it did come out, and from the way they wanted it to come out.

Mr. SIMMONS. Does the Senator state that they only asked to be heard on the American valuation? I infer from this letter that they desired to be heard generally in opposition to the bill.

Mr. SMOOT. They were heard generally, but, as I remember now, they wanted to open up the question of the American valuation again, thinking that the committee had not determined just what they were going to do, and of course it had not been given out, because it was one of the very last things determined by the committee. I thought it was only fair to make that statement. It may be that they made an application at some other time, or for some other purpose; but that is all that came before the committee.

Mr. SIMMONS. The letter was not directed to me. It was sent to me in a letter inclosing it, saying it had been sent to the

chairman of the Finance Committee. I think there was a request that I put it in the CONGRESSIONAL RECORD.

Mr. SMOOT. I am not complaining because the Senator has done that.

Mr. SIMMONS. I did not put it in on account of that statement. I think that is of minor importance. But I was glad to read the latter part of it, because it seemed to me a particularly strong and vigorous statement in opposition to the bill.

Mr. SMOOT. I wanted to make the statement because the Finance Committee gave everybody a chance to be heard who wanted to be heard. That kept us there weeks and weeks. Every Representative who came was admitted into the committee, no matter whether we had settled upon the rates or not, and was allowed to make a statement and to bring whomever he wanted. Every Senator who wanted to be heard, even on paragraphs we had passed upon, was allowed to come before the committee. I do not want the impression to go abroad that the committee tried to choke off any hearings.

Mr. SIMMONS. I did not want to create that impression. I am rather inclined to think that in those general hearings anybody who wanted to be heard could be heard. I care nothing about that statement. The letter was not read for the purpose of bringing that out, but I read the letter for the purpose of emphasizing the fact that the retailers of this country, speaking through their authorized agents, declare emphatically and unequivocally that these rates will tend to raise prices at a time when the country expects and demands lower prices.

The VICE PRESIDENT. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The VICE PRESIDENT. The Secretary will state the next amendment.

The ASSISTANT SECRETARY. On page 123, line 2, the Senator from Utah has sent to the desk and proposed an amendment, in the paragraph covering cotton cloth, not bleached, to strike out "100" and to insert in lieu thereof "80," so as to read:

Nor when exceeding No. 80, etc.

The amendment was agreed to.

Mr. SMOOT. The next amendment is on line 21, page 123. Instead of "35," the rate I sent to the desk, I move to strike out "40." as originally proposed by the committee, and to insert in lieu thereof "30," so as to read:

Nor when exceeding No. 80, less than 30 per cent ad valorem.

The VICE PRESIDENT. The question is on agreeing to the amendment as modified.

The amendment as modified was agreed to.

The VICE PRESIDENT. The Secretary will state the next amendment.

The ASSISTANT SECRETARY. On page 123, line 10, under cotton cloth, bleached. the Senator from Utah moves to strike out "100" and insert in lieu thereof "80," so as to read:

When containing yarns the average number of which does not exceed 80, etc.

The amendment was agreed to.

The next amendment of the committee was on page 123, line 11, to strike out "13" and to insert in lieu thereof "15," so as to read:

Provided, That none of the foregoing, when containing yarns the average number of which does not exceed No. 80, shall pay less duty than 15 per cent ad valorem.

Mr. LENROOT. Will the Senator from Utah state the justification for a higher ad valorem on bleached cotton cloth than upon cotton cloth not bleached?

Mr. SMOOT. Every manufacturer who appeared said that the 5 per cent was not sufficient. Everything they use bears a tax in the bill, and not only that, but the differential between the labor costs in this country and other countries, with the extra cost of the items used in the bleaching and dyeing, justifies at least 5 per cent.

Mr. LENROOT. We are taking care of vat dyeing.

Mr. SMOOT. I did not say vat dyeing; I said dyeing. The vat dyeing is taken care of.

Mr. LENROOT. The Senator is aware, is he not, that the Tariff Commission finds that bleaching costs less in the United States than in England?

Mr. SMOOT. That is denied.

Mr. LENROOT. Denied by whom?

Mr. SMOOT. By every man who is compelled to bleach cloth in this country.

Mr. LENROOT. In this Tariff Commission survey the Tariff Commission has taken occasion at least three times to discuss this very question, and on each occasion they have stated most emphatically that dyeing and bleaching costs less in the United States than in England. The Senator admits that that statement is made by the Tariff Commission, does he not?

Mr. SMOOT. Yes; they make that statement, but I can not see upon what basis it is made.

Mr. LENROOT. Why not?

Mr. SMOOT. Because the same mode of dyeing is used in England and foreign countries as is used here. We have a duty upon the dyestuffs, in paragraph 26, and also on the intermediates, in paragraph 25, which we have never had the like before.

Mr. LENROOT. I understand that; I am not referring to that.

Mr. SMOOT. I am not speaking of vat dyes. I am speaking of the great mass of coal-tar dyes.

Mr. LENROOT. What I want to know is whether there is any justification for any increase in the ad valorem other than by way of the compensatory duty imposed because of the duty imposed upon dyes?

Mr. SMOOT. It is very small, indeed.

Mr. LENROOT. How does the committee arrive at this 5 per cent—for it amounts to 5 per cent?

Mr. SMOOT. Yes; it amounts to 5 per cent.

Mr. LENROOT. Upon what basis do they arrive at 5 per cent; by reason of the additional cost of the dyes?

Mr. SMOOT. If these goods were worth, say, $1 a pound, that would be only a difference of 5 cents, and we have a duty on those goods of 7 cents a pound and 60 per cent ad valorem. Outside of the common different wood extracts, every coal-tar product in this bill, in paragraph 26, carries a duty of 7 cents a pound and 60 per cent ad valorem. I stated frankly the other day that those rates were put in this bill so that it would not be necessary to put an embargo upon those very goods.

Mr. LENROOT. What articles enter into the bleaching? It is just bleaching we are talking about now.

Mr. SMOOT. Of course, if it is just white yarn, they would use sulphur or specially prepared acids.

Mr. LENROOT. That is the only paragraph we are discussing now.

Mr. SMOOT. It depends on the kind of cloth to be bleached. No bill has ever been written that I know of where there was not a differential between the cloth in gray and the cloth bleached.

Mr. LENROOT. Of course, the committee recommends a larger differential than the House did.

Mr. SMOOT. I do not think so.

Mr. LENROOT. The committee recommends a differential of 5 per cent, and the House made one of 4.

Mr. SMOOT. That is on account of our beginning at No. 80 instead of No. 100. In fact, there is not as much difference in this as in the unbleached, because in the unbleached the House gave them 29 and we gave them 30, and here the House gave them 33 and we give them 35; and the 29 and 33 was on the American valuation.

Mr. LENROOT. The committee proposes no reduction whatever in the lower counts of bleached cloth?

Mr. SMOOT. No; not in the lower counts of bleached cloth.

Mr. LENROOT. But it does propose a reduction in the higher counts of bleached cloth?

Mr. SMOOT. Yes.

Mr. LENROOT. Does the Senator think that is consistent?

Mr. SMOOT. It is consistent with the rates the House provided. That is the way the House wrote it.

Mr. LENROOT. If we are going to have a reduction in the higher counts, does not the Senator agree with me that we ought to have a reduction in the lower counts, if the committee was correct in its basis in the first instance? Will the Senator not accept the House rate of 13 per cent there?

Mr. SMITH. Let me understand the Senator from Wisconsin. He is contending that as we have reduced the number from 100 to 80, then the normal reduction would be from the 15 to the 13?

Mr. LENROOT. The committee brought in a minimum of 40 per cent on the higher counts. I have said many times that it is the higher counts which justify a liberal duty. Now the committee comes in and proposes, very properly—I am not criticizing it—a substantial reduction in the higher counts, but proposes no reduction in the lower counts. If the committee was right in the first instance, they have not the progressive rate here which ought to apply when they reduce the minimum of the high counts to 35 and make no reduction on the low counts. Here again, I may say, it is upon these low-count bleached cottons that our imports are only a small fraction of our exports.

Mr. SMOOT. The class of goods falling in the class of bleached is altogether a different class of goods from the unbleached. There are so many of them which are sold even without bleaching.

Mr. LENROOT. Do plain white goods come in under this paragraph?

Mr. SMOOT. Yes; but generally, where they are plain and bleached, they carry a fine thread, particularly the importations.

Mr. LENROOT. I think that is true; but that merely emphasizes what I have been saying many times, that we are exporting in large quantities the low counts, and we are importing, what we do import, of the high counts, and I do insist that when the committee comes in and proposes a reduction in the high counts there ought to be a reduction in the lower counts as well.

Mr. SMOOT. I have not figured out just what change it would make.

Mr. LENROOT. I suggest we disagree to the amendment, leaving it 13 per cent, and it can be taken up afterwards and harmonized.

Mr. SMOOT. Why not let it go at 15 per cent, and then let that be figured up?

Mr. LENROOT. The Senator very well understands the difference between the committee bringing in an amendment later on and having it adopted, and an individual trying to open it up. It would be very simple for the committee to do it if it is found necessary to do it. I ask that this amendment be disagreed to.

Mr. SMOOT. I will agree to disagree to the amendment. I want to see just how it brings the relativity between the yarn and the cloth, and if there is that difference I shall want to ask that it be reconsidered.

Mr. SMITH. Let me understand the two Senators who have had this argument. On line 10 we reduce to 80, and disagree to the Senate proposition of 15 per cent on line 11.

Mr. SMOOT. And then disagree to the amendment.

Mr. SMITH. We disagree to 100 and leave it 80, and disagree to 40 and leave it 33.

Mr. SMOOT. Yes; disagree to the amendment and leave it 33 per cent ad valorem.

Mr. SMITH. All right; I am ready for a vote.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was rejected.

The ASSISTANT SECRETARY. The next amendment is, on page 123, in line 12, to strike out "one-fifth" and insert "one-fourth."

The amendment was agreed to.

The ASSISTANT SECRETARY. The Senator from Utah [Mr. SMOOT] has sent to the desk and proposes an amendment, on line 13, to strike out "100" and insert "80."

The amendment was agreed to.

Mr. SMOOT. I now ask that the committee amendment be disagreed to in the next line.

The ASSISTANT SECRETARY. In line 13 the committee proposes to strike out "33" and insert "40."

The amendment was rejected.

The ASSISTANT SECRETARY. In line 23, in the next paragraph, paragraph 903, the Senator from Utah sends to the desk a proposed amendment to strike out "100" in the House text and to insert "80."

The amendment was agreed to.

The ASSISTANT SECRETARY. On page 123, line 23, the committee proposes to strike out "13" and to insert "15," with the modification proposed to change "15" to "20."

Mr. LENROOT. Mr. President——

Mr. SMOOT. I will say to the Senator that when this is done I shall ask that three-tenths be reduced to one-fourth, so it will make it 40 per cent instead of 45.

Mr. LENROOT. I did not quite understand the Assistant Secretary with reference to the committee amendment. When it does not exceed 100, is it to be 20 per cent ad valorem?

Mr. SMOOT. It reads:

When containing yarns the average number of which does not exceed 80, shall pay a less duty——

Mr. LENROOT. The Senator can not mean that.

Mr. SMOOT. Yes; that is right. The rate is 20 per cent ad valorem and one-fourth of 1 per cent ad valorem for each additional count. One-fourth of 80 is 20, which would make 40 per cent instead of 45 as reported by the committee. These are all higher numbers.

Mr. LENROOT. No; they are lower numbers.

Mr. SMOOT. They are above 40. They are exceeding 40, 22 per cent.

Mr. LENROOT. But it reads "none of the foregoing," and that excludes all below 40.

Mr. SMOOT. If the Senator will read the language, he will see that it reads:

Cotton cloth, printed, dyed, colored, or woven figured, containing yarns the average number of which does not exceed No. 40, forty-five one-hundredths of 1 per cent average number per pound; exceeding No. 40, 22 cents per pound, and, in addition thereto, sixty-five one-hundredths of 1 per cent average number per pound for every number in excess of 40: *Provided*——

Mr. LENROOT. Then the Senator's 20 per cent will apply to the 20 count or the 40 count. It will make 30 per cent ad valorem on a 40 count.

Mr. SMOOT. Then I suppose the best way to make it will be to leave the 15 per cent as it is, and then for each number add five-sixteenths of 1 per cent, which makes the 40 per cent.

Mr. LENROOT. Whatever increase there is should be by ad valorem per number, because otherwise we will carry the highest rate to the lowest count.

Mr. SMOOT. It will figure exactly the same in the end with the exception of those on the lower count. I ask that "15" be agreed to instead of "20."

The ASSISTANT SECRETARY. On page 103, in line 23, the committee proposes to strike out "13" and to insert "15."

The amendment was agreed to.

The ASSISTANT SECRETARY. The next amendment is in line 24, where the committee proposes to strike out "one-fifth" and insert "five-sixteenths."

The VICE PRESIDENT. The question is on agreeing to the amendment.

Mr. SMITH. If we want to keep the parity with what we have just done, in place of one-fifth, certainly one-fourth would be high enough.

Mr. SMOOT. No; one-fourth would be 27½ per cent. Fifteen per cent is 15 per cent on those lower than 80, and above 80 it would be 15 per cent and five-sixteenths. Five-sixteenths of 80 is 25 per cent, and 25 and 15 is 40 per cent on the higher count.

Mr. LENROOT. Is the Senator striking out 100 and inserting 80?

Mr. SMOOT. Yes; and striking out 45 and inserting 40.

Mr. WALSH of Montana. So the duty on the count of 80 will be 40 per cent?

Mr. SMOOT. Yes. Those are the finest goods that are made.

Mr. SMITH. If the Senator reduces that to one-fourth in place of five-sixteenths——

Mr. SMOOT. Then we would only have 35 per cent.

Mr. SMITH. And the House only had 33 per cent on the higher count.

Mr. SMOOT. That is on the American valuation.

Mr. SMITH. But 33 per cent even when restricted to the higher count, and now you have lowered the count and raised the rate of duty.

Mr. SMOOT. Because of the very fact that the goods that we have to protect are goods the count of which is over 80.

Mr. WALSH of Montana. I inquire of the Senator if I have it accurately now? The House proposed 33 per cent and one-fifth. Assuming the count is 80, one-fifth would be 16, and plus 13 would be 29 per cent under the House rate. We propose to make it 15 per cent.

Mr. SMOOT. But the House had up to 100, which would be 13, and one-fifth of 20.

Mr. WALSH of Montana. The rate would then be one-fifth of 80, which would be 16, and plus 13 would be 29. As we have it, we have 15 per cent and three-tenths. Three-tenths would be 24 and plus 15 would be 39. The House proposed 29 and we raise it to 39. Are my figures correct? Five-sixteenths is 25. Twenty-five and 15 are 40, but the House rate practically figured 29 per cent.

Mr. SMOOT. No; the House rate figured it up to 80, but 100 up to 33.

Mr. WALSH of Montana. But we are figuring on the basis of not to exceed 80. Figured on that basis the House rate was 29 and the Senate committee rate is 40.

Mr. SMOOT. That is correct on the one particular number.

Mr. WALSH of Montana. That is, those that do not exceed 80.

Mr. SMOOT. That is on the one particular number if it were 80, American valuation.

Mr. SMITH. The present rate of duty, figuring on a count of 80 and above, is 27½. Now, we propose to add to that the difference between 27½ and 40, or a 12½ per cent increase on that character of goods.

Mr. SMOOT. Yes; and these are the very character of goods that ought to have the increase.

Mr. SMITH. It seems to me that on the imports and exports of the kind of goods here described, reducing the count down to 80, a 12½ per cent raise is absolutely unjustifiable, even taking the American valuation. As we have already agreed to the 15

per cent, if we want to keep a parity, in place of making it five-sixteenths we should make it one-fourth, and then it works out 35 per cent, which is an increase of 7½ per cent over the Underwood rate over the present tariff duty, and it seems to me that in all conscience is sufficient.

Mr. SMOOT. On these very goods the importations for the year 1910 were 37,000,000 square yards, in round numbers; in 1914, 39,000,000 square yards, in round numbers; in 1921, 74,000,000 square yards; and for January, February, March, and April of 1922 are greatly increased over the period of 1921; in other words, if the same rate of importations continues during 1922 as for the first four months of 1922, there will be 197,830,967 square yards imported into the United States. If there is any count of yarn or any class of goods which needs protection, it is the very class that we are discussing at this time. They are just as much of a novelty as the silks are.

Mr. SMITH. The exports of cotton goods in 1921 were 419,501,808 yards. For the nine months ending March 31, 1922, the exports were 432,281,567.

Mr. SMOOT. Where does the Senator get those figures?

Mr. SMITH. From the Commerce Reports for May 1, 1922.

Mr. SMOOT. Then I have copied them wrong.

Mr. SMITH. I have the report itself. There were 419,501,808 yards exported in 1921, and for the nine months ending March 1, 1922, there were 432,281,557 yards exported.

Mr. SMOOT. I have no such figures, I will say to the Senator.

Mr. SMITH. It is stated here as follows:

> The most convincing indication that the United States export trade in cotton goods has passed the post-war periods of overbuying and depression and that a period of normal expansion in foreign markets has set in is found in the statistics for the nine months ending March, 1922. After declining from its 1920 yearly total of 799,156,000 yards to 544,121,400 yards in the calendar year 1921, an actual increase from 419,501,800 yards for the three-quarter-year period ending March, 1921, to 432,281,600 yards for the corresponding period ending March, 1922, is registered.

Mr. SMOOT. All I can say is that I hold in my hand the Monthly Summary of Foreign Commerce of the United States, part 1, and I find this to be the fact as to cotton cloths: For the 11 months ending with May of this year there were exported of cotton cloths 102,620,544 square yards.

That is what this report states. The value of those exports was $18,027,709.

Mr. SMITH. The table which was furnished by the Tariff Commission and which, I think, all Senators have——

Mr. SMOOT. I will hand this report to the Senator if he wishes to see it. It is from the department.

Mr. SMITH. Shows that for the calendar year 1921 the quantity of cotton cloth imported was 112,340,259 square yards.

Mr. SMOOT. That is true.

Mr. SMITH. The exports for the same period—that is, for 1921—were 551,512,942 square yards.

Mr. SMOOT. That is correct.

Mr. SMITH. That is the information furnished as to the exports in 1921.

Mr. SMOOT. Yes; but when we come to 1922, instead of there being 551,512,942 yards exported, there were only 102,000,000 yards exported.

Mr. SMITH. That was only for 9 months.

Mr. SMOOT. That was for 11 months.

Mr. SMITH. The figures which I have read are the figures furnished by the Commerce Reports for 9 months.

Mr. SMOOT. The exports for 11 months ending May, 1922, were 102,620,544 square yards, as against 551,512,942 square yards for the calendar year 1921—not one-fifth of the amount. That is where we are drifting.

Then, take the imports; just think of the imports into the United States. Here they are: In 1910 there were imported 61,000,000 square yards—I am not going to give the odd figures; in 1914, 59,000,000 square yards; in 1921 imports jumped to 112,000,000 square yards; and then, when we come to the first four months of 1922, there were nearly 66,000,000 square yards imported. In other words, during the entire year, on that same basis, there will be 197,000,000 square yards imported. I should think the Senate could see the direction in which we are going. As I have stated, if a duty is required for the protection of any industry in the United States it is for this very industry. We are only proposing to increase the duty from 27½ per cent, which is the existing law, and under which these importations are coming in, to 40 per cent.

Mr. WALSH of Montana. Mr. President, I have followed the figures, and the increase over the present rate on the particular commodity we are now considering is 45.45 per cent, almost a 50 per cent increase on that particular class of goods. If any such increase were necessary, of course, there would have been no production whatever of those goods in this country. As a matter of fact, if an increase of 50 per cent over the present rate is required in order to give it protection, the industry would have been destroyed in this country.

Mr. SMOOT. It is a 50 per cent in the ad valorem rate, but not a 50 per cent rate increase.

Mr. WALSH of Montana. The rate proposed constitutes a 50 per cent increase over the existing rate.

Mr. SMOOT. Yes; it is about 45 per cent of the ad valorem rate.

Mr. WALSH of Montana. That is the minimum, and the bill provides that the specific rate shall never be less than that.

Mr. SMOOT. I did not want the Senator's statement to go in such a form as that it would be misunderstood. Under the Senator's statement as to an increase of 50 per cent it might appear to some that instead of the rate being 27½ per cent it would be 77½ per cent.

Mr. WALSH of Montana. This matter is so simple that there ought not to be any possibility of mistake about it. There is an existing ad valorem rate upon this class of goods of 27½ per cent. In place of the ad valorem rate, the pending bill carries certain specific rates; but it is provided that those rates shall never be less than a certain per cent, which we have figured out to be 40 per cent, if the count of the goods does not exceed 80, which is an increase from 27½ per cent ad valorem to 40 per cent ad valorem, and it may be higher than that.

Mr. SMOOT. Oh, no.

Mr. WALSH of Montana. The specific rate may go higher, but it can not be lower than that, because, if the specific rate goes lower than that, the ad valorem rate, which is a 40 per cent rate, goes into effect. The increase, therefore, of the ad valorem rate or its equivalent being from 27½ per cent, the existing rate, to 40 per cent, it is an increase of 45.45 per cent over existing law; in other words, it is practically a 50 per cent increase upon this particular class of commodity.

Mr. SMOOT. The 27½ per cent is practically the same as the existing law, and I admit, and everybody else admits, that the minimum rate will apply just the same as it applies to-day.

Mr. LENROOT. Will the Senator from Utah yield to me?

Mr. SMOOT. Yes.

Mr. LENROOT. Is not the Senator from Montana [Mr. WALSH] mistaken in the statement that the existing Underwood rate maximum is 27½ per cent? It is 30 per cent. As fixed in that law, the duty on cotton cloth exceeding 99 threads is 30 per cent ad valorem.

Mr. SMOOT. That is true as to dyed cloths.

Mr. LENROOT. And those are included in the figures of exports and imports.

Mr. SMOOT. What the Senator from Wisconsin states is true; in the Underwood law the duty on this cloth was 30 per cent. I was mistaken.

Mr. SMITH. I want to put in the RECORD at this time figures showing the total quantity of countable cloth produced in this country. In 1919 we produced 5,628,858,000 square yards, valued at $1,131,374,000. In the Tariff Information Summary it is shown that of countable cotton cloth the imports are less than 1 per cent of our production. Yet it is proposed to lower the count to 80 and increase the duty 45 per cent over the present rate of duty.

Mr. SMOOT. Mr. President, of course the Senator does not want to create any erroneous impression as to the production here. The great bulk of it, I think 85 per cent of it, does not consist of the class of goods which we are now discussing at all, but consists of the ordinary common cloth that falls under a lower rate. That is not the kind of cloth we want to base the tariff rate on in this particular instance. We are dealing here with a certain grade of cotton cloth; we have passed the paragraph dealing with the great bulk of cotton-cloth production, and we are dealing now with specialties. I have not the figures as to the importations of that particular class of cloth, but I think it must be in the neighborhood of from 15 to 20 per cent of our total consumption, and if the importations continue as they have been coming in recently, the percentage will be even higher than that, and some of the mills in the United States will absolutely be closed.

Mr. WALSH of Montana. Mr. President, I will respond to the suggestion of the Senator from Wisconsin and put in the RECORD the actual rates of the Underwood law. It is there provided that on cotton cloth containing yarns the average number of which exceeds 79 but does not exceed 99 the duty shall be 27½ per cent ad valorem. If cloth contains 80 threads, therefore it bears under the Underwood law a duty of 27½ per cent. If it contains less than 79 and more than 59, it bears only 25 per cent; that is to say, if it contains anywhere

between 59 and 79 it bears 25 per cent duty and if it contains from 79 to 99 threads it carries a 27½ per cent duty.

Mr. LENROOT. And over 99?

Mr. WALSH of Montana. Over 99 it carries 30 per cent. But the commodity which we are now considering does not contain threads in excess of 80.

Mr. LENROOT. It includes 80 and over.

Mr. SMOOT. The manufacturers could put in number 79 threads, and the cloth would then fall in the lower bracket.

Mr. LENROOT. The 40 per cent rate, as I understand, applies on cloth exceeding 80 counts.

Mr. SMOOT. Exceeding 80.

Mr. LENROOT. That is not the language of the bill. The bill provides—

that none of the foregoing when containing yarns the average number of which does not exceed 80—

When the average number does not exceed 80.

On the next page the Senator will find that where not exceeding 100—which, perhaps, will be changed—a higher rate, 45 per cent, is proposed.

Mr. LENROOT. The committee has changed that to 40. That is what we are discussing.

Mr. SMOOT. That is what we are discussing.

Mr. WALSH of Montana. That was not the amendment which I understood was under consideration.

Mr. SMOOT. When the cloth reaches that count, as I have said right along, the minimum rate will prevail, and that is 40 per cent.

Mr. WALSH of Montana. I thought that I had figured this out to the entire satisfaction of the Senator from Utah a little while ago.

Mr. SMOOT. But the Senator did not go far enough.

Mr. WALSH of Montana. I was figuring out with the Senator the rates found at the bottom of page 123, and I figured them out as compared with the rate of 27½ per cent in the Underwood law.

Mr. SMOOT. But these goods will be manufactured in such a way that they will always fall under the minimum rate, and that will be 40 per cent, if the Senate agrees to the committee amendment, instead of 45 per cent.

Mr. WALSH of Montana. It is a matter of no consequence, as a specific rate is fixed here, but it is provided that that specific rate shall never be less than a certain amount; that is to say, that it may amount to more than the ad valorem rate, but it never will be less than the ad valorem rate. That is plainly what is meant.

Mr. SMOOT. If cotton goods were to fall in price to perhaps a quarter of the price for which they sell to-day, that would take effect, but it will not take effect unless they do.

Mr. SIMMONS. Mr. President, I want to make the general facts about this matter clear in the RECORD. We need not muddy the waters by too many technicalities. The Tariff Commission has considered the provision in the House bill and has given us a statement with reference to the international traffic in these cloths, with reference to the production here, and the imports and exports, and I think we can reasonably rely upon it. Certainly the other side of the Chamber ought not seriously to object to it, because I think there is no doubt that a majority of the members of the commission are in sympathy with the protective policy.

Some general statements have been made with reference to production and importations, but certain very important things stated by the Tariff Commission have not been developed. I want them to go into the RECORD, because I think they throw a flood of light upon this subject.

The Tariff Commission, in its survey, says:

Production in 1914 of woven goods, including plain, figured, and pile fabrics (but excluding narrow fabrics of 12 inches and under), amounted to 6,813,540,681 square yards, valued at $489,985,277, from 672,754 looms, of which 30.9 per cent were automatic. Corresponding statistics for 1919 were 6,232,842,000 square yards (1,819,980,000 pounds), valued at $1,487,723,000, produced on 691,738 looms, of which 51.3 per cent were automatic. The United States has more automatic looms than are contained in all other countries.

I want to call special attention to that statement because it is well understood that the labor cost of producing a product is very much less where the automatic machine has displaced the old process. The automatic machine is used for the purpose of greatly curtailing labor costs, and it appears that the United States has more automatic machines engaged in the manufacture of these cotton cloths than all the rest of the world combined. With that general statement there must go the implication that in the United States we do reduce and curtail and, to a large extent, eliminate labor costs that have to be incurred in the processes used more largely in competing countries.

The main cotton-cloth producing States are Massachusetts, South Carolina, North Carolina, Rhode Island, and Georgia.

Imports of countable cotton cloth—

That is the subject we are dealing with in this paragraph—countable cotton cloths. That is the kind of cloth of which I have just been giving the American production, 51 per cent of it being produced with automatic machinery.

Imports of countable cotton cloth are less than 1 per cent of domestic consumption. Annual imports during the 30 fiscal years ended June 30, 1920, averaged 53,916,530 square yards, valued at $9,310,321. Imports in 1914 were 58,621,496 pounds, valued at $11,523,829. The United Kingdom has always supplied the bulk of such cotton cloths as were required from abroad, particularly dyed linings (including venetions); fine, plain white goods, such as muslins, cambrics, lawns, and volles; high-grade ginghams; piques; and fancy shirtings and dress goods. Switzerland supplies fine white goods, such as lawns, organdies, and dotted Swiss; and France supplies principally plain and novelty dress goods. Imports from Germany are mainly novelty dress goods. Imports from Japan are chiefly of the specialty known as "Japanese crêpe."

Imports of cotton cloths—

I wish to call especial attention to this. This is dealing with the whole subject of this paragraph.

Imports of cotton cloths are supplementary, rather than directly competitive, and are confined largely to goods of a quality or finish different from the domestic. Investigation by the Tariff Commission shows that the bulk of the imported cloths are sold on the American market at higher prices than are obtained for the nearest comparable and competitive domestic cloths. Certain cloths, such as dotted Swisses and transparent organdies of extremely fine yarn count, are not made here at all.

So that, Mr. President, with reference to this particular paragraph upon which these absurdly high rates are to be imposed, we have the statement of the Tariff Commission dealing directly with that paragraph that 50 per cent of these goods are made with automatic machinery, that only 1 per cent of the domestic production is imported, that the goods imported are generally of such kinds as are not made in this country at all, and that the importations are supplementary and not competitive. In addition to that, we have the statement that such goods as are imported into the United States sell at a higher price than the comparable domestic product, where any such can be found.

If there ever was a case where the facts negatived the necessity of high rates of duty, this is the case; but what have we, Mr. President? The Senator from South Carolina [Mr. SMITH] has told us that the rates proposed here would be 12½ cents higher than the rates of the present law.

Mr. President, under the present law the conditions which the Tariff Commission discloses in this survey have come about. They have been practically prohibitive as to all of these cloths that are produced in America. Such as have come in have sold for higher prices than the domestic product, showing that there was no necessity for duties; but it is proposed, notwithstanding that—which, I think, shows that the present rates are unnecessarily high—to raise them up to 40 cents.

But it does not stop there, Mr. President. What have we here? Fixing these rates at 40 cents, as I understand—I have not examined them——

Mr. SMITH. Mr. President, let me explain it to the Senator. The Underwood rate was 27½ cents.

Mr. SIMMONS. Yes.

Mr. SMITH. We now propose to raise it to 40 cents, which is a 45 per cent increase on the Underwood rate.

Mr. SIMMONS. Very well; that is what I understood the Senator to say—and it makes a 45 per cent increase. Mr. President, that gets it up to a percentage of 40 cents upon these manufactured goods. It does not stop there, Mr. President. We have to consider what taxes the American people will have to pay upon these novelties, these products that we do not produce here. The American people not only have to pay the 40 cents levied in this paragraph, but, if you will go to the end of the paragraph, you will see that there is another tax imposed. This does not end the tax that is imposed. At the end of that very paragraph is this proviso:

Provided further, That when not less than 40 per cent of the cloth is printed, dyed, or colored with vat dyes, there shall be paid a duty of 5 per cent ad valorem in addition to the above duties.

That is on account of the dyestuffs that go into these cloths. That has to be added to the 40 cents. If you will go to another paragraph you will find that 10 cents a pound more has to be added because of the duty which has been imposed upon Egyptian cotton. So that we have superadded to the duty of 40 cents 5 per cent for the dyes that are in the cloth and 10 cents a pound for the Egyptian cotton that happens to be in it.

Mr. SMOOT. Mr. President, of course, the Senator knows——

Mr. SIMMONS. Oh, I know that they are compensatory, but I am talking about what the American people have to pay on these goods.

Mr. SMOOT. That is not what I was going to say to the Senator. As far as the 5 per cent for dye is concerned—it should be 4 per cent—that applies only to an infinitesimal amount of the goods imported into this country.

Mr. SIMMONS. It applies when not less than 40 per cent of the cloth is printed, dyed, or colored with vat dyes.

Mr. SMOOT. That refers only to the shirtings that are imported here.

Mr. SIMMONS. Oh, well, it is part of these very things.

Mr. SMOOT. But, I say, it is so small a part.

Mr. SIMMONS. Mr. President, we have that constantly—"it is so small." I say to the Senator from Utah that an outrageous and an oppressive and a plundering tax against the American people can not be justified upon the ground that it is small; and that is what you have here, Mr. President, in addition——

Mr. SMOOT. I was speaking of duty; I was speaking of the small amount of goods that are dyed with vat dyes.

Mr. SIMMONS. Very well. It does not make any difference whether the Senator was speaking about the duty or about the amount of goods to which the duty would apply.

Mr. SMOOT. The duty can be justified.

Mr. SIMMONS. You can no more defend putting an outrageous and a plundering duty upon a small amount of imports than you can defend putting such a duty upon a large amounts of imports. In either case you raise the price to be paid by the people on the entire American consumption.

Mr. SMITH. Mr. President, if the Senator will allow me, the argument which has been made heretofore, and made by all parties on both sides, was that if the amount imported was small it was evidence of the fact that the duty ought to be low, because it was not jeopardizing, but if the imports were tremendous, then it was jeopardizing American manufacturers and the duty ought to be raised. Therefore the Senator from North Carolina is correct.

Mr. SIMMONS. Mr. President, we are getting away from the point I wish particularly to present. I do not want to elaborate it. I think I have already pretty well explained what I wished to get before the Senate, though not perhaps as clearly and forcefully as I could desire. Here, Mr. President, we are dealing with a class of imports which are not competitive, according to the statements of the Tariff Commission, which are merely supplementary to the American production, which sell for more than the American product sells for, and which, therefore, can require no duty.

We are dealing with that class of goods here, and yet it is sought by the majority to impose a tax on the American people with respect to these imports, things the people must have, and which in the main are not produced by our own manufacturers. We are asked to impose a tax upon them of 40 cents, and to that must be added, of course, these other fancy taxes which are provided, and which will have to be added to practically all the cotton goods consumed in this country, 5 per cent on account of the excessive duty you are putting upon dyestuffs and 10 cents a pound on account of the absurd and unnecessary duties you are placing upon Egyptian cotton. When you add up all these duties, the duty you impose upon the manufactured product, the duty you impose upon the dye the manufacturer puts in it, the duty you impose upon the raw cotton he buys from Egypt, you have the American consumer in this country loaded down with a duty of something over 600 per cent, largely upon goods not produced in the United States, and not competitive with goods produced in this country, and which already sell in the markets of America at higher prices than the American goods command.

Mr. SMOOT. Of course there is a provision that no rate shall be more than 45 per cent. The Senator has forgotten that.

The VICE PRESIDENT. The question is on agreeing to the committee amendment as modified.

The amendment as modified was agreed to.

The VICE PRESIDENT. The Secretary will state the next amendment.

The ASSISTANT SECRETARY. The Senator from Utah sends to the desk and proposes an amendment to the House text, on page 124, line 1, to strike out "100" and insert in lieu thereof "80," in the paragraph on cotton cloth, printed, so as to read:

Nor when exceeding No. 80, etc.

The amendment was agreed to.

The next amendment of the committee was, on page 124, line 1, to strike out "33" and to insert in lieu thereof "45," so as to read:

Nor when exceeding No. 80, less than 45 per cent ad valorem.

The amendment was agreed to.

The VICE PRESIDENT. The Secretary will state the next amendment.

The ASSISTANT SECRETARY. On page 124, line 1, the committee proposes to strike out "ad valorem" and to insert the following:

ad valorem: *Provided further*, That when not less than 40 per cent of the cloth is printed, dyed, or colored with vat dyes, there shall be paid a duty of 5 per cent ad valorem in addition to the above duties.

Mr. SMOOT. In line 4 I move to insert "4" instead of "5."

The ASSISTANT SECRETARY. On line 4, to strike out "5" and insert in lieu thereof "4."

Mr. SMITH. This is put in to provide a compensatory duty for the duty we are laying upon the imported dyes?

Mr. SMOOT. The vat dyes.

Mr. SMITH. To take care of the dyestuffs we bring in?

Mr. SMOOT. The Senator knows those dyes are carrying a very high rate of duty, and we did the same with yarn.

Mr. SMITH. It is getting late, and I would like to ask the Senator to take a recess at this point.

Mr. SMOOT. Let us pass this amendment and then the one at the bottom of page 124.

Mr. SMITH. In what paragraph is that?

Mr. SMOOT. In paragraph 904. That will take us up to paragraph 905, the cloth paragraph.

Mr. SMITH. Does the Senator intend to strike that language out?

Mr. SMOOT. I want to strike that out entirely.

Mr. SMITH. I have no objection to that.

Mr. SMOOT. That will clean it up, and then I shall ask for an executive session.

Mr. WALSH of Montana. Mr. President, I had not intended to say anything further about this, but inasmuch as the Senator has repeated the statement made in respect to this particular amendment which he made in connection with one like it touching yarns, I desire again to say that I have been unable to understand the statement that this is a compensatory duty. I have been looking into the subject of vat dyes a little myself, and I discovered that vat dyes are dyes that are insoluble to water. It may be that the coloring of cloths by vat dyes is a more expensive process than coloring cloths with dyes that are not vat dyes—that is, dyes that are soluble in water—and it may be that a higher rate of duty is justifiable for that reason on cloths dyed with vat dyes than on cloths dyed with dyes of other qualities. But when you talk about a compensatory duty, I am utterly unable to understand it. Dyes, either soluble or insoluble in water, carry just exactly the same rate of duty.

Mr. SMOOT. I will say to the Senator that there are wood extracts which do not carry the same rate.

Mr. WALSH of Montana. I mean coal-tar products; all colors—dyes or stains—whether soluble or not in water.

Mr. SMOOT. That is true.

Mr. WALSH of Montana. If it is true, then it is also true that vat dyes, which are insoluble in water, carry exactly the same rate of duty as dyes which are soluble in water, because this expressly provides for both of them.

Mr. SMOOT. That is, providing they are in paragraph 26; but there are dyes outside of paragraph 26. Those are only the coal-tar products.

Mr. WALSH of Montana. But there is no reason for supposing that vat dyes are not included. Vat dyes are included in paragraph 26, because vat dyes are dyes that are insoluble in water.

Mr. SMOOT. There is no doubt about that.

Mr. WALSH of Montana. And this paragraph covers vat dyes.

Mr. SMOOT. There is no question about it.

Mr. WALSH of Montana. If the cloth is dyed with an insoluble dye mentioned in paragraph 26, it will carry 5 per cent additional——

Mr. SMOOT. Yes; but the cloth——

Mr. WALSH of Montana. Just a moment. If it is dyed with a dye soluble in water, mentioned in paragraph 26, it will not carry the 5 per cent extra duty. So far as compensation is concerned, the dye, whether it is soluble in water or insoluble in water, carries the duty provided in paragraph 26.

Mr. SMOOT. Provided it is a coal-tar dye.

Mr. WALSH of Montana. Are they not all coal-tar dyes?

Mr. SMOOT. No.

Mr. WALSH of Montana. But the vat dyes are coal-tar dyes, and they fall under paragraph 26.

Mr. SMOOT. Nobody has denied it, and nobody has even thought of denying it.

Mr. WALSH of Montana. All right; I will not follow any controversy with the Senator. I will state my position with respect to the matter, and we will let it go at that.

Mr. SMOOT. Very well.

Mr. WALSH of Montana. Vat dyes are those that are insoluble in water, and dyes that are insoluble in water carry exactly the same rate of duty, under paragraph 26, which dyes soluble in water carry, so that if you give a compensatory duty on cloth dyed with vat dyes you must also give a compensatory duty on cloth dyed with dyes that are not vat dyes, because they both carry exactly the same rate of duty if they fall under paragraph 26. So this is not a compensatory duty at all. It is a duty imposed for some reason other than to compensate for a duty which is imposed upon dyes.

Mr. SMOOT. I do not know that I want to take any further time of the Senate, as it is Saturday afternoon and late, but I think I could convince the Senator that there are other dyes besides those found in paragraph 26 which do not carry this duty.

Mr. WALSH of Montana. The Senator need not take that trouble, because I am sure of that.

Mr. SMITH. The point the Senator from Montana makes is one which should be considered. He has made the point that the cloths which are dyed with vat dyes carry a duty of 5 per cent. The paragraph to which he refers has provided for a scope of dyes upon which a duty is laid. You have picked out a part of those and imposed a duty, not a compensatory duty, but a duty on the part of the dyes included in paragraph 26 and left the others out. Therefore it is not a compensatory duty. You have selected only those dyes which would be denominated as vat dyes. So it is imposed for some specific, definite reason other than as a mere compensatory duty.

Mr. SMOOT. The dyes falling in paragraph 26 are acid dyes, and there are the direct cotton dyes, and there are the vat dyes. I tried to tell the Senate the other day that there is an immense difference in the method of putting the dyes upon the cloth, but we do not want them to have a 4 per cent duty if they are other dyes than vat dyes. We do not impose it because of the fact that the duties provided will take care of it. What we want to come into the country is a dye that has to be put upon the cloth through the dye-vat process, none other. Therefore we limit it to that kind of a dye and that kind of a process.

Mr. SMITH. But you have the same duty on all the dyes in paragraph 26.

Mr. SMOOT. But we are not giving a compensatory duty in this item for that purpose. That is only upon the cloths which shall be dyed by the vat-dye process.

Mr. SMITH. I am looking for information. My attention was not called to this until the Senator from Montana raised the question as to why that particular process of dyeing was selected and was given an advantage over the others when they all bear the same rate of duty.

Mr. SMOOT. The vat-dye process is the most expensive process of dyeing. You can dye with all the other dyes which fall in paragraph 26, and in comparison with the vat-dye process I do not think they would cost more than one-tenth in labor as compared with vat dyeing. That is the reason for the difference.

The VICE PRESIDENT. The question is on agreeing to the amendment as modified.

The amendment as modified was agreed to.

The next amendment of the committee was, on page 124, line 24, after the word "process," to insert:

> The average number of the yarn in cotton cloth shall be based on the weight and length as above determined, and shall be the number of 800-yard lengths that weigh 1 pound.

Mr. SMOOT. I ask that that amendment be disagreed to.

The amendment was rejected.

Mr. SMITH. I ask the Senator from Utah if by disagreeing to the last lines on page 124, striking out the innovation of 800 yards in place of the ordinary 840, we restore the count of 840?

Mr. SMOOT. It restores the count of 840, so that the statistics hereafter will have the same basis, and can be compared. It restores the number that has been in every tariff bill since we began to make tariff bills.

Mr. SMITH. If the Senator is agreeable, I suggest that we lay the bill aside at this point.

Mr. SMOOT. That is what I rose to ask.

Mr. BURSUM. Mr. President——

The VICE PRESIDENT. Without objection, the bill will be informally laid aside.

MATTIE ALEXANDER.

Mr. BURSUM. Mr. President, from the Committee on Public Lands and Surveys I report back favorably without amendment the bill (H. R. 8845) for the relief of Mattie Alexander. The purpose of the bill is to clarify the title to 79 acres of land in Alabama to Mattie Alexander. The report of the House committee shows that the land was surveyed in 1825, and that the survey then made does not conform to the survey on the ground at this time. The bill is recommended by the department and has passed the House. I ask unanimous consent for its present consideration.

There being no objection, the bill was considered as in Committee of the Whole, and was read, as follows:

> *Be it enacted, etc.*, That the Secretary of the Interior is authorized and directed to issue a patent to Mattie Alexander for the north half of the northeast quarter of fractional section 35, township 17 north, range 14 east, St. Stevens meridian, survey in Alabama.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

EMMETT OTTO COONEY.

Mr. BURSUM. From the Committee on Public Lands and Surveys I report back favorably without amendment the bill (H. R. 9746) for the relief of Emmett Otto Cooney, and I submit a report (No. 828) thereon. The bill authorizes the Secretary of the Interior to grant a patent to certain land. I ask unanimous consent for its present consideration. The bill has passed the House.

Mr. SMOOT. Is there a favorable report from the committee?

Mr. BURSUM. I am authorized by the committee to report it favorably.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

Mr. WALSH of Montana. Mr. President, I do not like to object to these bills brought forward by the Senator from New Mexico, but——

Mr. BURSUM. Was not the Senator present in the committee when we passed on the bill?

Mr. WALSH of Montana. No. I have endeavored to be present at all sessions of the Committee on Public Lands, but the bill seems to have been considered in my absence.

I venture to suggest that unless there is some urgency about measures it is scarcely fair to ask for their consideration at an hour as late as this on Saturday afternoon. The measure before us is perhaps not of very much public interest, and yet I do not like to see it passed without an opportunity to examine it.

Mr. BURSUM. I desire to say to the Senator that the bill may not be of large public interest but it is of vital concern to the homesteader, who has a mortgage on his land for $4,000. If he does not receive this patent very soon he will be bankrupt. These facts are shown by the report of the Secretary of the Interior. The man has lived on his land for five years and placed improvements on it, and while it is not an important matter, so far as the public is concerned, it is a very important matter to the individual concerned.

Mr. WALSH of Montana. If the Senator will say that there is any urgency about the measure or that the homesteader is liable to lose his land unless immediate consideration is given to the measure, I shall interpose no objection.

Mr. BURSUM. I not only say that, but the Secretary of the Interior has said it in his report.

Mr. WALSH of Montana. I suppose that some time soon we shall have a call of the calendar when we can take up such measures for disposition; but if the Senator says it is a matter of urgency I shall not object. However, I submit it is hardly fair to ask that these bills be considered in this way at such a late hour.

There being no objection, the bill was considered as in Committee of the Whole, and it was read as follows:

> *Be it enacted, etc.*, That the Secretary of the Interior be, and he is hereby, authorized and directed to issue patent to Emmett Otto Cooney for the southeast quarter of the southeast quarter, section 34, east half of the east half, south half of the southwest quarter and southwest quarter of the southeast quarter, section 35, township 4 south, range 21 east, Willamette meridian, being the land embraced in his homestead entries 013424 and 015142, The Dalles, Oreg., land district, upon which he has submitted satisfactory proof of compliance with the provisions of the homestead law.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

EXECUTIVE SESSION.

Mr. LODGE. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After five minutes spent in executive session the doors were reopened and (at 5 o'clock and 10 minutes p. m.) the Senate, under the order previously entered, took a recess until Monday, July 17, 1922, at 11 o'clock a. m.

CONFIRMATIONS.

Executive nominations confirmed by the Senate July 15 (legislative day of April 20), 1922.

ASSISTANT DIRECTOR BUREAU OF FOREIGN AND DOMESTIC COMMERCE.

Louis Domeratzky to be assistant director Bureau of Foreign and Domestic Commerce.

REGISTERS OF THE LAND OFFICE.

Louis W. Burford to be register of the land office at Del Norte, Colo.

Charles R. Smith to be register of the land office at Durango, Colo.

Edgar T. Conquest to be register of the land office at Sterling, Colo.

PROMOTIONS IN THE ARMY.

William LeRoy Thompson to be captain, Medical Corps.

Donald Frank Stace to be first lieutenant, Air Service.

Joe David Moss to be first lieutenant, Coast Artillery Corps.

Clarence Francis Hofstetter to be captain, Ordnance Department.

Joshua Ashley Stansell to be captain, Signal Corps.

SENATE.

MONDAY, *July 17, 1922.*

(Legislative day of Thursday, April 20, 1922.)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Fletcher	McCumber	Sheppard
Ball	Glass	McKinley	Shields
Borah	Gooding	McLean	Simmons
Brandegee	Hale	McNary	Smith
Broussard	Harreld	Moses	Smoot
Calder	Johnson	Nelson	Spencer
Capper	Jones, N. Mex.	New	Sterling
Caraway	Jones, Wash.	Nicholson	Trammell
Culberson	Kellogg	Oddie	Underwood
Cummins	Kendrick	Overman	Walsh, Mass.
Curtis	Keyes	Phipps	Walsh, Mont.
Dial	King	Pomerene	Warren
Edge	Ladd	Ransdell	Willis
Ernst	Lodge	Rawson	

Mr. SHEPPARD. I desire to announce that the Senator from Georgia [Mr. WATSON] is absent on account of illness, and that the Senator from Nevada [Mr. PITTMAN] is absent on account of illness in his family.

The VICE PRESIDENT. Fifty-five Senators have answered to their names. A quorum is present.

THE LEAGUE OF NATIONS.

Mr. BRANDEGEE. Mr. President, I ask unanimous consent that there may be printed in the RECORD in 8-point type an interview carried in the New York Times of to-day entitled "League unhampered by us on mandates, declares Hughes."

It is an interview given by Secretary of State Hughes to the correspondent of the New York Times in relation to his responding to communications received from the League of Nations, and in refutation of the intimation that the course adopted by this Government had hampered the administration of the mandates by the League of Nations.

There being no objection, the article was ordered to be printed in the RECORD in 8-point type, as follows:

[From the New York Times of Monday, July 17, 1922.]

LEAGUE UNHAMPERED BY US ON MANDATES, DECLARES HUGHES—SECRETARY CONTRADICTS FOSDICK, WHO CHARGED THAT WE "NEARLY WRECKED" LEAGUE PROGRAM—EXPLAINS DELAY ON REPLIES—SAYS RECORDS SHOW WILSON ADMINISTRATION ANSWERED ONLY 15 OUT OF 33 NOTES—INTENDS COURTESY ALWAYS—COOPERATION IN HEALTH WORK CERTAIN, HE TELLS NEW YORK TIMES CORRESPONDENT.

[Special to the New York Times.]

WASHINGTON, July 16.—Secretary Hughes defended to-day, in an interview obtained by the New York Times correspondent, his course in dealing with the League of Nations, and answered criticisms that he had been discourteous to the league and had hampered it in its work. These criticisms were voiced yesterday in a statement issued by Raymond B. Fosdick, former undersecretary general of the league.

Mr. Hughes was seen by the correspondent at Greystones, his suburban residence, near Rock Creek Park. When his attention was called to Mr. Fosdick's comment he made an exception to the general practice of Secretaries of State and talked freely, with the understanding that what he said might be published.

One of the statements made in his interview was that in the last 14 months of the Wilson administration 18 communications out of 33 from the League of Nations had not been answered. This was shown by an examination of the files of the State Department, the Secretary said. One of the charges against Mr. Hughes by advocates of the league has been that he failed to respond to its communications, and Mr. Fosdick repeated the charge in his statement published to-day.

The Secretary made public on Friday his answer to Hamilton Holt, president of the Woodrow Wilson Democracy of New York City, who asked whether it was not time for the Harding administration to give the people an unequivocal statement of its position regarding the League of Nations.

In his statement, as printed in the New York Times to-day, Mr. Fosdick said that Mr. Hughes's response to Mr. Holt "is interesting for what it omits," and he cited several instances of alleged shortcomings of this Government in dealing with the league. He ended the statement by saying:

"Do we have to treat the league with contempt just to prove we do not belong to it? Nonmembership is one question; open hostility is another."

DENIES HAMPERING MANDATES.

The first statement by Mr. Fosdick to which Secretary Hughes called attention was "that the attitude of the State Department on the league's program of mandates nearly wrecked the whole plan." To this Mr. Fosdick added:

"For over a year the mandate situation has been blocked, and the vast territories involved have been deprived of international supervision, which was one of the most forward-looking principles laid down in the covenant of the league."

Mr. Hughes said that he was "surprised and deeply regretted that such a statement had been made." He felt obliged, he said, to characterize it as "seriously misleading." He thought it a pity that those who were so keenly interested in the work of the League of Nations should not endeavor at least to be fair to their own Government.

It was contrary to the fact, said Mr. Hughes, to state that the attitude of the State Department with respect to the mandates had "nearly wrecked the whole plan" or that "for over a year the mandate situation has been blocked" through the State Department.

The Secretary said that the facts were these:

There were three classes of mandates—the A, B, and C mandates. The C mandates related to the former German islands in the Pacific Ocean and to territory in Southwest Africa. Instead of the program being blocked by any attitude of this Government, the other powers had gone ahead and, in December, 1920, issued mandates without waiting for a treaty with this Government.

Secretary Hughes recalled the fact that soon after he came into office he addressed identical notes to the powers relating to the mandates, and especially with reference to Yap. The result was, he added, that the propriety of the position of this Government was recognized and a treaty had been made with Japan relating to the administration of the mandate for the Pacific islands north of the Equator, on terms to conserve American interests.

There had been no treaty yet, he went on, with respect to the islands south of the Equator or the territory in Southwest Africa, but mandates had been issued. So far from the attitude of the American Government, in asking assurances for the protection of American interests, blocking the way, administration under the mandates had actually gone on, he said.

The A mandates, Mr. Hughes stated, related to former territories of Turkey. These, it was recognized by the powers, could not be issued until there was a treaty of peace with Turkey. The United States, he pointed out, did not go to war with Turkey, and had in no way delayed the consummation of a treaty that would furnish a basis for issue of mandates.

POINTS OUT ALLIES' DELAYS IN REPLYING.

Secretary Hughes said that after stating in April, 1921, the general attitude of the United States on the subject of mandates, he sent in August notes to all the powers concerned, stating specifically the provisions that were deemed necessary to protect the United States in the case of both A and B mandates.

It should be remembered, he added, that the guaranties of these mandates ran only to the members of the League of Nations and their nationals. The United States simply sought fair and equal opportunity and the same rights for the United States and its nationals that members of the league would have in the territories acquired by the Allies as a result of the vic-